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NEWS SUMMARY

ENERAL

Riot shields used at carnival

Police resorted to riot shields last night at London's Notting Hill carnival as sporadic incidents of violence developed after a comparatively calm day.

One police officer was taken to St. Mary's Hospital after being stabbed in the stomach. A youth was critically ill in the same hospital with a stab wound.

Late last night 10 police and people had been injured and 6 people arrested. Over the past two days 180 crimes have been reported.

Earlier, as onlooker applauded, floats carrying traditional reggae steel bands were followed by dancing people, some of whom swigged rum from bottles in West Indian style.

One float carried a political message saying "Victory to the freedom fighters." A man held a machine-gun and carried a picture of Rhodesian leader Mr. Ian Smith with a noose round his neck.

East Germany 'arms Ethiopia'

Ethiopia is receiving military aid from East Germany at the behest of the Soviet Union, it was reported in Beirut. Experts, including house-to-house combat instructors, small arms and light anti-tank equipment were said to be involved. **Ethiopia revamps command Page 4**

Flight delays

Many flights leaving Gatwick and *Heathrow* yesterday were delayed by up to 24 hours because of the four-day air traffic control assistants' strike, which was due to end at midnight. Page 6

Concorde setback

Federal Appeals Court yesterday ordered that the Anglo-French Concorde be *barred* from taking flights to New York until a September 19 court hearing on its landing rights there. But for this ruling British Airways and Air France would have been free to start flights to-day. Page 4

Holiday rush

Fine weather brought a rush to the coast in South-East England yesterday. Fighting broke out at Margate after the arrival of punks. Eighteen people were arrested.

Chad claim

Chad, accusing Libya of wanting to use uranium from its northern Aouzou area to build a nuclear bomb, claimed that its troops were fighting a protracted battle against rebels round Aouzou which, it says, Libyans have occupied.

Test draw likely

Australia, batting towards an expected draw were 226 for 6 in their first innings of the final Test at the Oval. Page 2. The Cornhill offer. Page 8

Space shots offer

The Soviet Union is offering other countries the chance to buy photographs of the earth's surface taken by its cosmonauts and satellites, Tass News Agency reported in Moscow.

Desert talks

Ministers and experts from 100 nations, meeting at Nairobi, began the world's first conference on how to stop and reverse the spread of deserts.

Brands deaths

Brian McGuire, 30, the Australian racing driver was killed when his Formula One car plunged off the track and struck a marshals' post at Brands Hatch during practice. One marshal died later and two were injured.

Briefly . . .

Vandals started a "towering inferno" blaze in a 30-storey Glasgow council flats block in which a boy died yesterday, neighbours claimed.

Lloyds Bank is to sponsor the 1977-78 national schools public speaking competition.

A group of Swiss drug addicts is to be treated at a Thai Buddhist monastery which specialises in herbal cures.

Mr. James Callaghan, Prime Minister, is to begin a six-day visit to Scotland to-morrow. Page 6

Great Britain II and Heath's Condor were disputing the lead in the Bay of Biscay in the round-the-world race.

The U.S. defeated Britain 16—8 in the 26th Walker Cup match.

President Tito of Yugoslavia is due to arrive in Peking to-day at the start of a 10-day visit to China.

BUSINESS

Inflation policy has many sceptics

● 12-MONTH limit on the frequency of pay rises will not succeed in reducing the rate of inflation, according to almost two-fifths of over 1,000 respondents to a Financial Times survey interviewed at the beginning of August. But a slightly larger proportion thought the policy would succeed, while just under a fifth said they did not know.

However, in spite of the high level of scepticism about the Government's counter-inflation policies, consumer confidence, as measured by the FT monthly index, showed a marked turn for the better. Nevertheless, the proportion of people thinking that now is a good time to buy consumer durables is at its lowest since December, 1975, and more respondents said they were worse off compared with a year ago. Page 8

● FT Grocery Prices Index fell for the *second month running*, owing to lower prices for fresh fruit and vegetables. But a 12.8 per cent. price drop in this sector was partially countered by steadily rising costs of dairy produce, bread, cereals and fresh meat. The index fell 2.02 to 256.46, back to near its March level. Page 8

● MACHINE TOOL industry is worried that British Leyland has placed its second major order for the new Mini project, like its first, with a West German manufacturer. Back Page

● LABOUR PARTY conference in early October will have a recommendation from its National Executive Committee for the formation of a State Bank, probably through a merger of the National Savings Bank and Post Office Giro. But a *majority of the public strongly* opposes proposals to nationalise the banks, according to surveys commissioned by the Committee of London Clearing Banks. Page 6

Wall Street gains 8.67

● WALL STREET rallied, closing 8.67 higher at 864.09.

● THE DOLLAR'S weighted average depreciation narrowed to 0.57 (0.91) per cent.

● U.S. STEEL CORPORATION, hit by falling sales and competition from imports, plans to cut up to 1,000 white-collar jobs in its central steel division and has put a questionmark on the future of one of its older Chicago plants. Page 29

● CONGRESS may be better suited than the U.S. courts to decide the merits of the Administration's anti-trust suit against American Telephone and Telegraph, suggested Mr. Griffin Bell, U.S. Attorney-General. Page 29

Plants reject Leyland plan

● LEYLAND CARS' £250m. plan to double output of the Land Rover and Range Rover models has run into trouble with unions at two of the three plants concerned, the Triumph factory at Canley and the Rover plant at Solihull, refusing to have anything to do with worker participation. Back Page

● NATIONAL PITHEAD ballot on the plan for a high-paying miners' incentive scheme is being sought this week by moderates on the union's executive committee. Back Page

● KOREAN CUTLERY manufacturers begin talks in Sheffield this week with the Cutlery and Silverware Association on cutting their exports to the U.K. Page 30

● FORD is to introduce a new Granada range in Britain from September 14. As well as a restyled body, there will be a choice of two new German-developed engines. Picture Page 6

● ITALY'S commercial banks are expected to reduce their lending rate to prime borrowers for the second time this year after the week-end 1½ per cent. cut in the discount rate. Page 4

● MR. DAVID BASNETT, General and Municipal Workers' Union general secretary, said that the Government should restore between £1½bn. and £2bn. taken out of public expenditure by lowering value-added tax and embarking on a new job-creation programme. Page 8

● JERSEY MAN, whose assets have been seized because of an alleged debt of nearly £200,000 to the U.K. tax authorities, has filed an application before the island's Royal Court for the release of the property on the grounds that the U.K. is effectively a foreign country for fiscal purposes.

Sweden devalues krona 10% and quits 'Snake'

BY WILLIAM DULLFORCE, Stockholm, Aug. 29

Sweden to-day devalued the krona by 10 per cent. and left the European Currency Co-operation Agreement—the so-called "Snake." At the same time, it imposed a price freeze until the end of October.

It also invited the trade unions to discuss future economic and tax policies and cut employers' payroll tax by 2 per cent. from January 1.

The Swedish devaluation, formally announced to the Finance Ministers of the other "Snake" countries by Mr. Gösta Bohman, the Economy Minister, in Frankfurt yesterday evening, precipated devaluations of 5 per cent. in both the *Danish* and Norwegian kroner. Neither Denmark nor *Norway* is leaving the "Snake."

The Finnish currency exchanges were closed to-day. The Cabinet's economic committee is to keep the situation under review. In Helsinki business circles, it was generally accepted that it only remained to decide the timing and size of the Finnmark devaluation.

Mr. Thorbjörn Fälldin, the Swedish Prime Minister, said the krona devaluation *was* designed to restore the competitive power of Swedish industry and help to reduce the payments deficit, which is forecast to reach a record Kr.15-16bn. (£1.75-1.9bn. at the new rate) this year.

The support measures were intended to maintain employment and dampen the increase in prices, which measured 12.3 per cent. over the year to the end of July. Mr. Bohman said consumer prices should increase by roughly 12.6 per cent. this year but the index rose 9.3 per cent. over the first seven months and the devaluation alone is expected to add another 3 per cent.

Efforts to keep down inflation will be vital, if the ruling non-Socialist coalition, in office only since last October, is to succeed with its invitation to the unions.

Co-operation

Mr. Fälldin tried to smooth the way for union co-operation to-day by expressing the hope that companies would not raise dividends in 1977 and 1978 but use any increase in earnings for investment and consolidation.

In spite of this plea for dividend restraint, the Stockholm exchange recorded the biggest daily increases in its general and industrial share indices so far *this* year.

Mr. Olof Palme, the Social-Democrat Opposition leader, reacted strongly against the Government measures, which he labelled as "hostile to wage-earners."

Mr. Gunnar Nilsson, chairman of the Labour Federation, LO, lambasted the Government for dilatoriness in dealing with inflation but would not state flatly that his members would seek full compensation for price increases.

The Riksbank (central bank) announced that the krona rate will in future be linked on a trade weighted basis to a basket of 15 currencies from Sweden's main trading partners.

On a weighted basis, the D-mark would account for 16-17 per cent. and the pound for 13-14 per cent. The U.S. dollar will have double weighting *because* so many Swedish exports are quoted in dollars, making it roughly equivalent to the D-mark.

The *timing* of the krona devaluation was undoubtedly hastened by the growing speculation against it on the international currency markets, which according to banking sources has led to a currency outflow of over Kr.1bn. a week over the last two to three weeks.

The Riksbank would not indicate how much support it has given the krona over the last few weeks but the currency reserves have declined by about Kr.3bn. to Kr.11.1bn. over the last three months.

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Paper makers benefit Page 4

Sun brings out Britain's combine harvesters

BY CHRISTOPHER PARKES

FINE DRYING weather over most of Britain brought the grain harvesting machinery out in force during the holiday week-end. As the rainclouds dispersed so did much of the gloom hanging over farming.

In many parts of the country, grain which last week was coming in *from* the fields soaking wet and in need of costly drying in the *barns*, is now being stored straight from the combine.

Mr. W. G. Snook, of the National Farmers' Union Cereals Committee, who farms in Buckinghamshire, said yesterday: "We have all got good crops in the field, but we have not got them in the barn yet.

"Many crops have taken all the rain they can. More rain *like* the *storms* last week and we have had it."

His two combine harvesters were out over the week-end and again yesterday cutting 50 acres a day. With 500 acres of wheat and barley still to be harvested, however, Mr. Snook wants another fortnight of fine dry weather.

"We have seen a tremendous amount *of* damage, but another two weeks of this weather could transform the position completely."

Mr. S. W. Passmore, another large-scale grower from Oxfordshire, said that *although* he had been busy harvesting for the past few days, he still had more than half his crop to get in.

He calculated that his farm, in the driest part of Britain, had been drenched with 7.5 inches of rain during August. The highest previous rainfall he *could recall with 3.5 inches.*

He was particularly concerned about the quality of his grain. Both wheat and barley had started to germinate while in the ear, although the severity of the trouble varied from field to field.

Quite a lot of wheat would not be good for milling. One batch of barley grown on contract for seed had only a marginal chance of meeting *quality requirements.*

The crops he was harvesting yesterday, though, were dry enough—at 16 per cent. moisture content—to go straight into store without being put through the dryer.

Yields down

Mr. P. Savory, farming in Norfolk, *is one of the few British* farmers to have started harvesting wheat so far. He began combining on Friday and was busy with his 470 acres of grain throughout the holiday week-end.

Moisture content was about 16 per cent.—"absolutely perfect"—but yields were well short of the records forecast for his area. His damaged fields were yielding slightly more than two *tons an acre as against 53 cwt.* in the past "normal year" of *1974.*

The Ministry of Agriculture yesterday reported plenty of activity in the main grain areas. A Ministry observer in Norfolk said *yields from winter wheat* were equal to the average of the *past five years. Winter barley* production was 8 per cent. up on the mean and 20 per cent. higher than last year. Spring barley output was 1 per cent. less than the average, but 17 per cent. up on 1976.

Mr. Albert Davies, one of the Ministry's chief advisers, reported that *although* the past 10 day's rain had flattened many crops, "*the situation* is by no means critical as far as yields are concerned.

"Other crops such as sugar beet, field vegetables and root crops look very promising. Hay and silage stocks are high so there should be adequate fodder for livestock this winter."

Grain crops elsewhere in the Common Market have suffered from rain, which appears to have extended in a belt from Britain, through the Low Countries and the North of France, deep into central Germany.

In Belgium there is talk of a lower harvest than last year. In the Netherlands the Ministry of Agriculture admits only to some delays and "slightly reduced" quality.

In *France* there *is concern* about the quality of crops in the Paris Basin and further north, but overall the yield could approach the record 42.8m. tonnes of 1973.

The only country to have escaped the rains is Denmark, where prospects for the grain harvest are said to be exceptional.

Britain and U.S. make little progress in Vorster talks

BY MARTIN DICKSON AND QUENTIN PEEL PRETORIA, August 29.

BRITAIN AND THE U.S. to-night ended a gruelling day of talks with South Africa without any evident sign of progress towards a consensus on the new Anglo-American settlement proposals for Rhodesia.

Dr. David Owen, the British Foreign Secretary, and Mr. Andrew Young, U.S. Ambassador to the UN, emerged after five hours of discussions with Mr. John Vorster, the South African Prime Minister, refusing to give any hint of either the character or substance of their talks.

Mr. R. F. "Pik" Botha, the South African Foreign Minister, said South Africa had neither been asked for a response to the proposals nor had the Government given one.

Observers here took the resounding silence to suggest that Britain and the U.S. had made little headway in *their* bid to persuade South Africa to throw its full weight behind their proposals and to apply strong pressure *on* Mr. Ian Smith, the Rhodesian Prime Minister, to accept them.

The Anglo-American team encountered serious difficulties in Lusaka last week-end in attempts to get the African front-line States *to* support the proposals, though the black leaders appear *to* have made no final decision either way.

Dr. Owen said to-night: "We've got to go now and talk to other interested parties and of course, we've got to go to Salisbury on Thursday." The Foreign Secretary confirmed that he would be making an unscheduled stop in Dar es Salaam to-morrow where he is expected to meet President Julius Nyerere, chairman of the front line group, for a second time on his shuttle.

To-day's meeting was the first between Mr. Vorster and Mr. Young, who has been bitterly attacked in South Africa for his outspoken broadsides against the Pretoria Government and its policies. The two men shook hands unsmilingly and with icy formality.

Dr. Owen and Mr. Young were understood to have given Mr. Vorster and Mr. Botha a detailed exposition of the settlement proposals, on which they were closely questioned. The two sides held *three hours of talks* this *morning and*, at *Mr. Vorster's* suggestion, held another two hours to-night.

The South Africans' main concern was the *question of who* would control law and order in *the* approach to Rhodesian independence.

This was the issue which dominated last week-end's talks in *Lusaka between* the Anglo-American team and the leaders of the *five African* front-line States involved in the Rhodesia dispute.

The new proposals are *believed to* provide *for* the partial disbandment of both the Rhodesian *armed forces* and the guerillas controlled by the Patriotic Front Nationalist Alliance, the remaining units *eventually* being combined in the army of an independent Zimbabwe.

Mr. Smith would have to resign, making way for a British-run interim administration, with a UN peace-keeping force "holding the ring."

At the Lusaka talks the front-line states were understood to have argued that the Rhodesian Army should be completely disbanded.

Reserves expected to show further big rise

By Peter Riddell, Economics Correspondent

A FURTHER large increase in Britain's official reserves is expected to be announced by the Treasury on Friday.

Market estimates generally put the increase this month at more than $1bn. and range up to $1.5bn. The final figure will depend on the extent of both official borrowing and delayed receipts from forward operations.

At the end of July the reserves stood at $13.4bn., compared with $4.1bn. at the beginning of the year.

It is now likely that Britain will draw the final tranche of $350m. from the International Monetary Fund loan this month rather than next, taking total drawings on the standby so far to more than $1.8bn.

However, the U.K. may only draw part of the final $500m. tranche of the $1.5bn. Eurodollar loan arranged in January, making total official drawings for the month of between $400m. and $450m.

This could leave an underlying inflow of at least $800m. as a result of the continuing demand for the pound throughout the month, in large part prompted by hopes of a rise in its value.

This demand has been met by official purchases of foreign currency to maintain the *policy of a stable external* value for sterling.

Dollar link

The main inflows came at the beginning of the month after the decision at the end of July to sever the pound's link with the dollar and relate it instead to the trade-weighted index of 20 other currencies.

In the past fortnight the inflows have apparently been rather *smaller*, but the upward pressures on the pound have continued.

This demand has led to a slight appreciation in sterling's exchange rate against the dollar, while the trade-weighted index has edged up fractionally to 62.

This is 2¼ per cent. higher than before the end of July adjustment, but only about the same level as in early spring.

There has been considerable speculation in the City that continuation of these inflows could force the authorities to allow a further appreciation.

The authorities, however, appear reasonably relaxed about the inflows, partly because these do not pose any immediate threat to the money supply targets after recent large sales of gilt-edged stocks.

Volvo Board abandons Saab merger

BY WILLIAM DULLFORCE STOCKHOLM, August 29.

THE MERGER planned between Volvo and Saab-Scania, the Swedish automobile manufacturers, has been abandoned. The Volvo Board decided at the *week-end to discontinue* negotiations after waiting for two months beyond the agreed *July* 1 deadline for a decision from the *Saab-Scania Board.*

Mr. Per Gyllenhammar, Volvo's managing director, *said* to-day that it was not worthwhile to continue the talks "as Saab-Scania is so negative."

At the same time, he reported a 41 per cent. decline in Volvo's first-half earnings—from Kr. 346m. in the first six months last year to Kr.204m. (£24m.).

Last week Saab-Scania announced that it had been able to hold its first-half profit fall to Kr.6m., giving a pre-tax figure of Kr.117m.

The decision to merge was announced by the companies on May 6. It was motivated because the two Swedish high-cost producers needed to rationalise their joint production and to reduce costs, in order to meet international competition.

Opposition

Saab-Scania was then making a loss on its cars. Mr. Gyllenhammar said yesterday that Volvo's car production was also *in the red*, due mainly to the losses incurred on the Volvo 66 and Volvo 343 *manufactured* at the former Daf plant in Holland which the Swedish company took over in 1975.

By merging the profitable truck and bus division the Swedes would have had one of the three largest truck operations in the world. But opposition developed first *within* the Scania truck division, whose managers could find little advantage in a fusion with Volvo.

The Saab-Scania Board split over the merger, when the car division management with support from the white-collar union also raised objections. It pointed to the problems of fitting Saab's front-wheel drive cars into the Volvo range.

Mr. Gyllenhammar said that, while his talks with Dr. Marcus Wallenberg, Saab-Scania's chairman, had been constructive and free from friction, "the Saab-Scania management has evidently changed its mind."

That was taken to refer to Mr. Curt Mileikowsky, Saab-Scania's managing director, one *of the four who originally* presented the merger proposal.

The breakdown of the merger talks is seen as a second setback *for* Dr. Wallenberg, aged 77, who is understood to have *supported the abortive plan to* merge KemaNord with Swedish *Match earlier this year.*

Mr. Gyllenhammar said that further delay would harm Volvo's planning for the future.

Earnings

The change in plan did not mean that Volvo would start talks with foreign car manufacturers nor that it would try to shift production abroad.

Volvo's unaudited first-half report discloses second quarter earnings of Kr.123m. against Kr.81m. for the first quarter.

First-half sales grew by 3 per cent. to Kr.7.3bn. Pre-tax income fell to 2.7 per cent. of turnover against 4.7 per cent. in the corresponding period last year.

The drop in profits was due mainly *to the cut in* car production designed to enable Volvo to run down its stocks on *unsold* finished cars, which totalled over 80,000 at the beginning of the year.

With first-half car sales remaining virtually unchanged at 134,000 the plan has apparently succeeded.

Net adjusted income has fallen successively from Kr.10.40 a share in the first six months of last year *to* Kr.6.30 a *share in* the previous half and Kr.5.40 in the first half this year.

In the 12 months ending June 30, Volvo earned Kr.440m. pre-tax on sales of just under Kr.16bn., compared with Kr.582m. for last year as a whole, when turnover was Kr.15.7bn.

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£ in New York

	August 29	Previous
Spot	$1.7418-7422	$1.7420-7422
1 month	0.14-0.09 dis	0.17-0.13 dis
3 months	0.56-0.51 dis	0.63-0.52 dis
12 months	2.75-2.65 dis	2.75-2.65 dis

FEATURES

FT SURVEY

ON OTHER PAGES

LOMBARD

Fund treatment for Peru

BY HUGH O'SHAUGHNESSY

THE physicians at the International Monetary Fund in New York have been prescribing some strong medicina for Peru after its Government went to them for help in an acute case of halance of payments baemorrbage. Peru has not heen able to keep down the first spoonful and what little was digasted bas produced a nasty case of the shivers. There are those—and they are not all Peruvians—wbo feel that the medicine could be too strong and cause permanent damage to the political organs. Others say that the baemorrbage is on the point of being cured and tha medicine is doing more harm then good.

The case for calling for a secood opinioo ahout the treatment for Peru was put forcefully to me the other day hy a London clearing banker with a good deal of business in that country. Citing tha riots, bloodshed and death that had occurred a few weeks ago aftur tha right of centre military Government of Geoeral Francisco Morales Bermúdez bed announced a big peckage of austerity measures, the banker arguad that the international financial community and the IMF itself were demanding too much. "We all know wbat political difficulties the Government of a country as advanced es Britain encountered when an IMF austerity package was announced.

Pressures

"But in a country as poor as Peru an austerity package often means pushing people into tha starvation zone." The tendency was, be added, to look at Peru as a limited liability company with a balance sbeet whicb was more bealthy or less bealthy, rather than as a country made up of people and subject to often excruciating political pressures.

I think that tbe banker was talking a good deal of sense. And before the orthodox throw np their bands in lamentation and accuse the banker and me of wanting to meke the Fund into a soft touch for profligate Governments, let me say that I am not in favour of the rest of the world bailing out Latin American presidents who are too quick to use the cbeque book.

What can, and indeed must, he argued is that the Fund should weigh the demands of prudeot lending against the risk that the imposition of inordinate financial stringency on a developing country will lead to the emergeoce of a Government with unattractive repressive characteristics. Few people's interests are served wben a Government is faced with the option of defaulting on its international obligations for want of belp from the Fund or ramming austerity measures down people's throats by deft use of the bayonet.

That certainly seems to be the optioo being given to the Government in Lima at the moment. And the possihility is that a similar set nf circumstances will fece half a dozen other Governments in the develnping world in the months to come.

The case for a greater degree of lenieocy on the part of the Fund towards the Peruvian administration is bolstered by the fact tbat the country seems to he climbing out of its balance of payments hlod reasonably fast. Exports bave been shooting up and imports are being held back. The big investments which have beeo made over the past decade in copper and irrigation are starting to pay off. And before long the pipelinn Peru has built over the Andes to bring crude from the oilfields in the Amazon jungles should be in regular operation. Peru's Amazonian oil abonld have an effect on Peruvian fortunes similar to that wbich North Sea oil is having in Britain.

A gesture

The Peruvians bave been criticised for spending good money on buying arms from the Soviet Uolon. These criticisms have some validity even if, as tha Peruvians argue, Moscow offered bargain basement prices as part of its arms selling drive in Latin America. At the same time tha Government has refused to align itself with Soviet policies and ooly the other day made an important political gesture to Washington by anthorising tha payment of $1.5m. claimed by Gulf Oil, e move which will not endear it to Peruvian nationalists.

For some years the military who run Peru have been charting a delicate political course. Their disgust with the parliamentary régime they overthrew in 1968 bas meant that they have governed with a good deal of ineptitude horu of autocracy. At the same time they have avoided the excesses of repression and wholesale disregard for buman rights wbich bave bligbted the political lives of some of their oelghbours.

It would be sad if any action nf the Fuod caused them now to wobble closer towards repression. Now that the Fund itself has received a new injection of money it could do a lot worse than pass a little on to the Peruvians.

FILM AND VIDEO — BY JOHN CHITTOCK

Putting people first

REAL PEOPLE are preoccupying the programme sponsors of to-day, and there is an underlying anxiety creeping in—a desire oot only to be open (because people otherwise might he suspicious) hut to be seen to be open—which is beginning to show in the films and andio-visual programmes. Gone are the comfortable old industrial film and out a product or a process; so is the manipulated courtship with cardhoard characters of the training film.

The trend is exemplified at its best in the latest offering from the Electricity Council—a video-cassette programme made to provide employees with some human background to the 1976-77 Annual Report. This is the fourth year the council bave used audio-visual media for this purpose, but the determination to estahlish rapport right down to the tea boys and cleaning ladies comes through more strongly than is usual in this kind of exercise. Not that *Electricity 77*, as it is called, is in any manner down market.

Interviews

Yet the classless northern eccent nf Graham Turner, the interviews with linesmen on the job and sales assistants in showrooms, tha avoidance of the familiar balance sheets and graphic financial cakes, all create an impression that peopla are becoming more important than profit.

Another example, more traditianal in its approach, has recently been released by J. Sainsbury—this one a tape/slide programme aimed at the 36,000 full- and part-time staff. Nothing spectacular or unusual about this programme, which sets about its task of explaining where the money went by using artwork symbols and that inevitable financial caka. But the very acceptance of a need to explain the accounts in this way is oow a trend sweeping through industry end commerce—and for Salnshurys too this is not the first time audio-visual media have been used.

A report shortly to be published has made an enalysis of U.S. treods in the nse of a-v media for company communication—and egain thie reflects the growing preoccupation with people: sales promotioo is low down the priority list. In the U.S., the medium most rapidly expanding is closed-circuit television and 83 per cent. of company respondents in a recent survey there were using this fast-developing medium.

The U.S. has gone through most of the phases in the industrial uses of a-v media, although not necessarily always ahead nf Britain. Another example of change, or at least an attempt at it, is evident in the latest U.S. management film import—*The Manager and the Organisation*, a six-film series starring Peter Drucker and distributed here by Finax Publications.

Starring really is the right word because the Americans still cannot shake off the cult-figure idea in their training films. However, in the one titla I sampled in the series, *How To Manage the Boss*, they are trying very bard to treat people as real people and to avoid the patronising tone so familiar in U.S. films. Nonetheless, there is still an uncomfortable hint of manipuletion at work in these films—evidenced by the title of the first (and others like *Helping People Perform* and *How to Make the Organisation Work for You*).

Dormant

Manipulation cannot work in the 1970s, and cbanges in induatrial relations must take their natural course. What audio-visual media might do, if intelligently handled, is speed up tbe change and expose some of the problems that too often lie dormant and hreak out when management least expects it.

Almost with a sense of relief at heing excused the stress of enother people programme, I donned my hlack tie and dinnar jacket one evening recently to attend the first industrial film premiere I have ever known that demanded this attire. Perhaps curiosity drew me tn the Piccadilly HQ of the Reed Group where the Aylesford Converslon Section of Reed Paper & Board were unleasbing their epic production *The Man Who Made Miracles*.

In fact, it was another people film—about the loneliness of tbe long-distaoce runner, Mr. Brit, who symholises the positive achievements of the Britisb people at a time when everyone has been running us down. Praise indeed for these marvellous sentiments, but I have to confess to being more intrigued by the panache of the preview than the self-indulgent style of the film itself.

Motor cars

For sheer titillation in recent weeks, the critics have had to rely on an old faithful—British Petrolenm. Part Five in their continuing series *The History nf the Motor Car* has now reached the 1940s and 1950s in *Cars, Cars and More Cars*. The film follows the style of others in the series, a delight for the camshaft cult who rhapsodise abont the torsion bar suspension oo the old Jowett Javelin and can tell a Studebaker from a Cunningham with both eyes closed.

The archetype nf the audio-visual species still can he found, although seldom in its nld glory and excellence. Richard Costain have just released two modest but effective examples—*Costain Mine* and *A Place on the Map*. The first a typical, traditional industrial film about opencast mining, in which Costain have experience; and the second a softer sell about the Shetland Isles, where Costain have been busy on construction projects to service North Sea oil activities. Yet such films hold less excitement these days; not merely because standards of creativity are not what they used to be, but because technology and industry has lost some of its romance.

Back to the drawing board then, and to people again. Industry is clearly very anxious to use film, television and a-v aids to gain the confidence of people—if, indeed, there is no underlying social malaise that makes a simple cure impossible. Maybe in turning to television, industry is unconsciously realising that this could be where all the trouble began—with social reality distorted to emphasise the glamour of oastiness. But if industry wants to nse the medium as a palliative, it must avoid the reciprocal dangers of emphasising pleasantness. The yellow brick road was an escapist creation of Hollywood and has no placa in films that are trying to solve our problems.

SPORT

Filbert Bayi beaten by malaria, jet lag and Co

ATHLETICS — BY MICHAEL THOMPSON-NOEL

IT IS NOT every day that a man of 20 steps onto an athletics track and shoves the world's 1,500 metres record holder into second place by neatly outmanoeuvreing him over the last few strides. That is what Sabastian Coe did to Filbert Bayi of Tanzania yesterday in the Emsley Carr Mile at Crystal Palace.

The invitation race formed part of the U.K.-West Germany match and provided Coe—slight, modest and boyishly articulate—with a personal best of 3:57.68, a 5th of a second np on Bayi.

Coe is already the European indoor 800m. champion and one of our brightest prospects.

Bayi was not at his best. He bad an attack of malaria earlier this year. He had flu wben be arrived in Britain from Rome at 1 p.m. yesterday and had to dash to Crystal Palace.

He remains hopeful that after some high altitude recuperation et home in Africa he will be fit to race against arch-foe John Walker of New Zealand in a mile race in Vancouver on September 17. Between them these two great athletes could mount an assault on Walkar's two-yaar world record of 3:49.4 for the mile.

The nther highlight of yesterday's match was another U.K. national pole vault record by Brian Hooper, who scaled 5.40 metres. This performance puts him on the fringe of world class.

Hooper said yesterday: "I can do better than that but I still need some decent new poles. I've got two hut I need six. They come from America and cost £80 each. So far the British authorities had paid for them, although I am quite prepared to have a family whipround."

Britain scored 1—2 victories in numerous events against a lack-lustre West German side. Geoff Capes and Mike Wynch scored a shut-out in the shot; Andrea Lyncb and Kathryne Smallwood did the same in the women's 200m and Ainsley Bennett and Allan Wells flew homa for maximum points in the 200m.

Dennis Coates won the 3,000m. steeplechase in 8:28.24 and Berwyn Price scored a fluent win in the 110m. hurdles (14.09).

Despite the fleeting satisfaction of victories ag[...] standard German an[...] teams, in the past [...] British athletics is g[...] where very fast, a state [...] illustrated by Glen C[...] cision to quit Britain f[...] at Boston University.

The 23-year-old, wh[...] day won the 400m. ag[...] many in a personal be[...] to become the first [...] beat David Jenkins o[...] in 9 years, said he w[...] with the way athletics [...] in this country and [...] trated by lack of help

In the U.S. he will [...] organise themselves d[...] These days meo lik[...] Ariel, the founder of a [...] called Computerized B[...] ical Analysis, are revol[...] all forms of sport with [...] of computer techniqu[...] minutely analyse an[...] potential and perform[...]

Cohen is joining [...] exodus of young athl[...] know that Britain, with [...] resources and inadequ[...] ties, has little to offer [...] a shame.

FINAL SCORE: Men Britain 125, West Ger[...] Women: Britain 94, [...] 63.

Australia bat towards a draw

CRICKET — BY TREVOR BAILEY

IN BRIGHT sunshine, on a pitch without venom which had completely recovered from Saturday's rain, Australia batted their way to safety and an almost certain draw.

At stumps they had taken their first innings total tn 226 for six, largely through an ettractive 85 from Hookes, a watchful 53 not ont from Marsh, a brisk 39 from Chappell and a dogged 32 from McCosker.

The England attack appeared to be blunted more by the wicket than the quality nf the batting which, in the main, was unexceptional.

With the series settled and smal bope of a decision mnch of the interest departed. Willis wa[...] the most successful howler [...] has now achieved the consid[...] ahle feat of taking 25 wi[...] in the series while Lever, [...] limited opportunities, bowled [...] well as anybody.

A total of 215 runs and e sl[...] over rate, despite 29 nvers [...] Underwood, combined to provide an undistinguished day.

As McCosker was mainly in[...]terested in survival, runs in the morning were few and far between and only 60 were on the board at the interval.

The afternoon aession began with the howling shared between Underwood and Hendrick. Although at 2.25 Hughes eventually secured that welcome single it did him little good as he was splendidly caught in the slips off Hendrick without further addition.

Willis switched places with [...] who moved to the [...] end. The Warwickshire [...] howler had McCosker lbw [...] 32 attempting to play a straight ball to leg.

All the while Hookes was living dangerously. Although he brought up the three figures with a flashing square drive, he played and missed outside his off stump rather too frequ[...] comfort.

When he was at 42, h[...] most caught in the sl[...] went to score a half [...] which included several [...] lar strokes, mainly off t[...] foot.

Hookes had several [...] moments in the final ses[...] also produced some d[...] hots before he was finall[...] behind, driving once too [...] a wide bowl outside his o[...] for a colourful 85.

Marsh in this peri[...] played with circumspect[...] on the departure of hi[...] partner, once smota Un[...] —seldom at his best sga[...] handers—for a massive si[...]

The total reached 2[...] Willis and Hendrick imm[...] took the second new ball [...] hope of ending the inning[...] were unsuccessful as n[...] wickets fell; Marsh reac[...] 50 and Australia passe[...] land's first innings total.

England first inning[...] Brearley 39, Boycott 39; [...] five for 65.

Australia first innings—[...] six. Hookes 85, Marsh 53 [...]

[...] Page 28

Wolves announce £10m. plan

SOCCER — BY JAMES FRENCH

THERE HAS been e pause in the wave of new stand-building in the Football League, due, probebly to inahility tn carry the high interest burden of hig loans—witness Chelsea's problems over their £2½m. dubts—and a wait-and-see attitude over newly biting Department of Environment safety regulations that can mean major works at grounds and reduction nf permitted crowds.

This bas led to the probability that Wales will play its bome World Cup game against Scotland at Anfield because the Ninian Park, Cardiff, capacity and that at Wrexham has been slashed as safety precautions.

Against the tide, as it were, Wolverhampton Wanderers, exactly 100-years-old as a club and newly returned to the First Division, have announced a £10m. long-term redevelopment plan to make the ground the most up-to-date stadium in the country.

"It is a very ambitions project," says Mr. Harry J. Marshall, chairman, and a former Staffordshire cricketer, "but the directors firmly believe that if we do not embark on redeveloping the ground very shortly we would never do so because of inflation and rising building costs."

But where is all the money coming from? The new stand is to incorporate 48 company boxes which will cost £3,000 a season. That is £144,000 a year.

The develnpment associetion has been raising about £25,000 a year, bnt Mr. Marsball and his Board bope that with this massive new incentiva the association can more than dou[...] earnings.

That leaves a massive ga[...] Marshall helieves that de[...] day for going ahead wit[...] first phase is about the begi[...] of next year, and that the [...] mum the club should h[...] should be about £1m.

One final note of cautio[...] Sheffield Wednesday, Ch[...] and others have discover[...] is a recipe for trouble i[...] build a super stadium ar[...] not have a super team to [...] in it.

Early leaders in round-world yacht race set fast pace

BY ALEC BEILBY

RADIO REPORTS from yachts on the first leg of the Whitbread round the world race, from Portsmouth to Cape Town, indicate that the leaders have made a fast passage into the Atlantic since the start on Saturday.

Heath's Condor, with Leslie Williams in charge, is leading, followed by Great Britain II. Both yachts yesterday were halfway between Ushant and the north west coast of Spain.

Sailing conditions were said to be ideal with predomin[...] following winds. This ind[...] that most yachts in the ra[...] averaging almost 200 mile[...] day.

ADC Accutrac, skippere[...] Clare Francis, and the [...] yacht, Tielsa, skippered [...] Financial Times clipper [...] veteran, Dirk Nauta, wer[...] gether as they rounded U[...] It seems that about 50 [...] separates the leaders fron[...] backmarkers.

Flamethrower may be surprise

RACING — BY DOMINIC WIGAN

QUITE CANDID, the Ryan Price-trained favonrite for yesterday's Moet and Chandon Magnum, justified backers' falth in bim.

Towards tha rear of the field in the early stages, Quite Candid came with a determined flourish in the straight and overhauled Oriental Rocket inside the final furlong to win going away with impressive style.

Half an hour earlier there was an intriguing situation in the three-runner Cicero Handicap when jockeys Brian Taylor, Brian Rouse and Deonis McKay all refused to set the pace.

After three-quarters of e mile, McKay set bottom-weight Needless alight and from that point it was a question of whether sbe would comn back to ber two better-fancied rivsls, Dutcb Treat and Fast Frigate.

Needless, a Petingo filly, showed no signs nf tiring in tha straight, and it became obvious a quarter of a mile out that she would not be caught.

Further successes await this ligbtly raced filly who, like most of her sire's offspring, is ideally suited hy wet conditions.

Luca Cumani, whose highly attractive Nearctic filly, Freeze the Secret ran a satisfactory Prix Varmailla trial at Newcastle yesterday, could wall be on the mark at Chepstow this afternoon through Flamethrower.

This well-bred three-year-old, e brown filly by Forli oot of the Sir Gaylord mare, Lamp, was not disgraced in finishing fonrtb in a handicap at Yarmouth last week, wbere the slow early pace was against her.

I taka Flamethrower to spring a surprise by outpacing Fulke Johuson Houghton's Lady Rhapsody, wbom sbe meets on level terms in the 1¼-mile Ferry Stakes.

Earlier in the afternoon that tough and consistent Northern gelding Blue Chrome could return to the winning trail in the Lysaght Amateur Riders Challenge Cup.

Just over two hours before Lady Rhapsody goes to [...] the Ferry Stakes her stable[...] the Mansingh juvaoile [...] Craftsman, will be ca[...] Lester Piggott to the [...] Epsom's Ladas Maiden S[...]

This good-looking [...] brother to two winn[...] Sweden did well to run [...] smart Bolak to a neck [...] Haydock three weeks ago [...] the form now looks more [...] useful following another [...] victory for the Seven Bar[...] winner.

I hope to see Master Cr[...] man get off the mark.

Charleys Bairn can gain [...] overdue win hy lifting the [...] boy Handicap in whieb S[...] could be the chief threat.

EPSOM

2.00—Mount Stephen
2.30—Master Craftsman*
3.05—Charley's Bairn
3.35—Hillbrow
4.10—Oriental Star
4.45—Chinese Royal

CHEPSTOW

3.15—Blue Chrome*
3.45—Shelton Song
4.15—Gusty's Gift
4.45—Flamethrower**

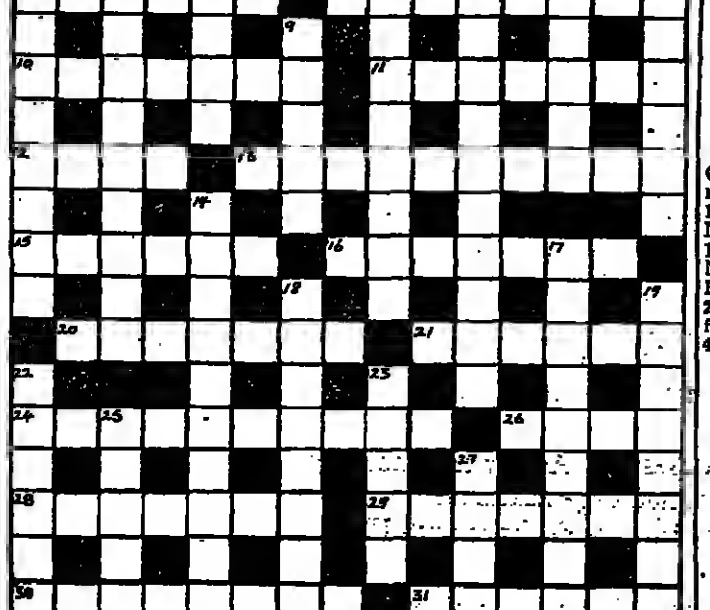
TV/Radio

† Indicates programme in black and white

BBC 1

7.40 The Waltons
8.30 Mastermind
9.00 News
9.25 The Fall and Rise of Reginald Perrin

F.T. CROSSWORD PUZZLE No. 3,453



ACROSS

1 Good-looking commander goes with Mr. French to cathedral city (6)
4 One travelling abroad has after dinner request (8)
10 India has good fortune at present (7)
11 About how the German makes a stew (7)
12 Cupid returns in e had mood (4)
13 Remarks without point? (5, 5)
15 Garden instrument employed in exaggeration (6)
16 Most humble, but to me a home (7)
20 M.P.'s riot about foreign goods (7)
21 Singularly part of the Baptist's diet (6)
24 Attempts to follow river branches of manufacture (10)
26 Dreamy thinker embraces the false idea (4)
28 Last month rail upset means condemnation (7)
29 One of the Crown contenders (7)
30 The wine is running out—that is ominous (8)
31 It is the end of the gamn that is baffling (6)

DOWN

1 Gets together in short prayers (8)
2 What a small world it is! (9)
3 This city is always in the public eye (4)
5 "While the bright Pomp —— Jubilant" (Milton) (8)
6 In which we may spot a bargain (4-6)
7 Command system (5)
8 "An aged —— frail, gaunt, and small in hlast-heruffled plume" (Hardy) (6)
9 A river of Wales (5)
14 "The cream" hnt nnt really "the county" (10)
17 Two school rooms give advice to the racegoer (5, 4)
18 Alarmed, bnt went ahead from the baginning (8)
19 Gets confused about e feature in engravings (8)
22 Make final settlement—you must be afraid to get it (4, 2)
23 Object to doctor taking in a bird (5)
25 The staff comes up ebout the city district setting (5)
27 Handle a novice in success (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

rst thoughts on Bayreuth

by MAX LOPPERT

go to Bayreuth ." said Shaw—and *although* the per- often far from Plungad for ten rid still dedicated on without hazard traction of the dramas, the new- reuth needs time *critical* wits, to ther the first per- encounters is overwhelming to its opening half- t sounds of a first *tan* . . . the open- ase rising out of unheralded by any pplause, the addi- inets, oboes, cor ssoons distinguish- change of tone rmony then sealed nd darkness, the equence an im- uragement to total nd harbinger of emotional adven- here it seldom can sounds like these es to Bayreuth, for of music given in , and surroundings vell fitted to it. initial misgivings isitor may still feel cular German cul- (and despite, for rrent extreme ex- r undertaking), the s still the comple- gnificant aspect of education.

earns to accept the efits of the theatre d quickly—or else, e, one realises that , limpid clarity of nd the harmonious f the stage picture tended to disguise in performance or nor to transform uccesses into out- nes. This year's *Tristan und Isolde* ust Everding produc- d by Josef Svoboda) al (produced and Wolfgang Wagner) largely as those y *Ronald Crichton* By no means to be s undelectable, each

ntertainment is on Page 28

e of disappointments beyond the excel- mmon: the beauty of al playing, with the low strings heard s though from the e earth: the almost mbination of robust- precise focus in the ing: and, again, the every moment of es.

ny Wagner perform- onductor is the most ingle participant, it is consider him first in of two well-prepared, unmoving Wagner his year, both operas *hands of Horst Stein*, mired here. He is a of (on successive long unflappable authority, tent and secure in the his forces to be called ar too level-headed in ulation of them ever to inspired. A *Tristan* e emotional charge of currents and beat of uch as even over the dcast last year's con- rlos Kleiber conveyed; neither dragged nor equally not imbued uminous, golden haze ed from Goodall's rden readings—it was g," but finally only so, to hear the works vely unfolded. The of each bad passing of orchestral tone less led than the rest (in he brass during the ng was slightly raw, o some suspiciously ounding deep bell the last act of each, least expected it, the sustained with a new hat kept the attention ing.

as not the kind of con- draw the mind away nesses in the stagings. n for Svoboda's *Tristan* act is based on an staircase that mounts ip's prow, then to the r, *finally to the Kareol* ll—must be according I found the layout of tinguished, the colours unrelieved, the tingling back-projections wearisome. They were less responsible for the near-perpetual melancholy pall than was the lighting of Kurt Winter, which kept most of the opera in gloom increased in the second act to almost complete *darkness, and which* at no *point* showed any understanding of the need for contrasts of bright light in order to make dramatically meaningful the central antithesis of day and night.

Gloom shrouded both operas—the first act of *Parsifal*, for which Winter was also responsible, was played out at a permanent 3 a.m., the second towards midnight. It hampered the players (for *Tristan*, Everding had mapped out a fine plan of facial expression and reaction that Catarina Ligendza Isolde and Yvonne *Minton*'s Brangäne carried out with rare sensitivity, and which the omnipresent, never sufficiently mercurial or exact follow spots blunted). It was often at odds with the music, both with its surface of light and shade in the dynamics and, more seriously, with the formal structure of an act. (Ernest Newman, writing of the sustained dramatic rhythm of the *Tristan* second act, described "its slow, steady, imperceptible transition from night and its rapture to daylight and its cruel disillusioning glare." After the Parsifal first act transition, Wagner directs that complete darkness should be swiftly followed by increasing daylight. Disdain of these schemes served the sense of the music ill.) And, a not unimportant *consideration*, it strained the eyes and the patience of the audience.

Spas Wenkoff was again Tristan. The Bulgarian tenor is so clearly superior to the recent run in the part, in warmth and character of timbre, in his ability to extract from small stature a knightly dignity, in the way the tone opens out for moving expression in the third act, that his principal failing of unclear verbal enunciation over long periods could be borne with comparative ease. Although Isolde's high notes account for only a tiny percentage of her *music*, their placing is often musically climactic, and distress over Ligendza's straining of them may not be thought entirely frivolous. Like Ronald Crichton last year, I find her timbre unfocused—"cloudy and indeterminate" was his phrase. Until the third act, that is, when to the admirable naturalness of acting was suddenly added a *fullness of* voice, with the *Liebestod* generous in spirit and wonderfully delicate in shape. Before that, it was Minton's glorious Brangäne who seemed to possess the heroic qualities, the serene strength of voice, the colours strong, vibrant or melting. Donald McIntyre, in solider voice than locally reported, gave a very touching account of Kurwenal's rude, uncomprehending, fierce loyalty, though a tendency to swing his arms while singing proved distracting. Marke was Karl Ridderbusch, so unexpectedly off form that his refusal of curtain calls seemed prudent.

In Wolfgang Wagner's *Parsifal*, Act 1 ("Wald, schattig und ernst, doch nicht duster") and Act 3 ("Freie, anmuthiger Frühlingsgegend") become the same, *thickly leafy glade*, a pale light warming only the summit of the foliage. The temple is severely symmetrical. Act 2 starts beautifully: the temple arches have been swung round, decked with faintly perceptible writhing shapes, touched with the glowing central spots of Redon-like colour provided by Klingsor's purple costume and Kundry's red-orange. The flower maidens are deftly massed. But then Kundry's *long enticements* lost impact because her face and Parsifal's were difficult to make *out*. *It was a strong Parsifal* cast. In the title role, originally billed for Peter Hofmann and taken over at a late stage by René Kollo, indisposition introduced in the part Manfred Jung—he is also the *Götterdämmerung* Siegfried. Young, agile, readily convincing *in early scenes* if not yet as the warrior in black, he sang firmly and securely, in tones bright and clear, a trifle hard and shallow.

Nothing all evening, or in many months of Wagner singing heard live and on record, has sounded more beautiful, more nobly grand or amply sonorous, than Hans Sotin's bass rolled out along Gurnemanz's lines. It was often beautiful rather than *meaningful* sound, *rich* in accumulated wisdom, for the sense of the words was only intermittently conveyed in tone, inflection or detail of verbal enunciation. In this he was rather the opposite of Eva Randova's lissome, intelligent Kundry, indistinct with the words but expressing much with tone (once it had begun to flow) *darkly shining* and powerful. But as Kundrys go, she left a finally blurred impression. Bernd Weikl, Amfortas, seemed to have sacrificed pure tone to weight; Franz Mazura was a trenchant Klingsor. When Titurel (the excellent Matti Salminen) sounded from the cavern, and the strong alto voice of Hanna Schwarz from the dome, there *was* a reminder of a more mystical, spacious kind of *Parsifal* lost in this secure musical presentation. Twice in the first act, a high whistling sound, as of an off-stage walkie-talkie out of control, offered a most unlikely *counterpoint* to the proceedings.

Spas Wenkoff (Tristan) and Catarina Ligendza (Isolde)

Wigmore Hall

Peace on Parnassus

by NICHOLAS KENYON

It was a relief, after the somewhat empty pleasures of much of the Wigmore Hall's Early Music Festival, to find a concert there on Friday evening that had both purpose and substance. Ars Nova chose to juxtapose French and Italian music from around 1700; and to point up the contrast, they included Couperin's splendidly witty mixture of the styles of Lully and Corelli, "*L'Apotheose de Lulli*," *which* ends with the two idioms reconciled in Peace on Parnassus.

London last heard this piece played on original instruments in Harnoncourt's supremely sophisticated performance with the Concentus Musicus of Vienna at the *English Bach Festival*, and it was difficult as a result not to feel impatient with the more rough and ready account offered here. But the rest of the programme was a different matter; in the first half Duncan Druce and Mark Caudle brought considerable panache *to* a Stradella church Sinfonia, and Emma Kirkby sang a languid, melodic *setting of the Song of Songs* by one Gratiani with an easeful grace that belied its technical demands.

Two solo motets from Handel's time in Italy were sung, a four-square *Coelestis dum spirat aura*, and an astonishingly experimental *Salve Regina*, filled with expressive fragmentation of the words, unexpected harmonic twists (some most uneasy on the ear), and containing a mini-concerto for the accompanying organ, played by Peter Holman: a fierce contradiction, this piece, of the view that Handel's style sprang fully mature from his mind. The accomplished writing in the one French church piece, Couperin's second *Leçon de Ténèbre*, was a *strong* contrast, and Emma Kirkby sustained its soaring, arched lines (without the help of an ecclesiastical acoustic) with a controlled power that never destroyed her clarity and accuracy of pitch.

The Festival ended on Saturday night with a concert by the St. George's Canzona (reviewed on this page in April), but in the afternoon there was a lecture-recital for children by Michael and *Doreen Muskett*, who have popularised their displays of early instruments for several seasons now on the South Bank. I can't judge their success, being childless, but far too much of their spoken material seemed on Saturday to be either pointless or actually misleading. Little contact was achieved with the audience: jokes missed the children *completely*, and it's a sad lookout when only silly noises on wind instruments manage to *raise a laugh*. The range of instruments demonstrated and the facility of their playing is admirable, but the show *is* little more than a glorified catalogue of noises, without even an elementary social and chronological context such as would bring the instruments to life and fix them in the responsive mind of a child.

Three Choirs Festival, Gloucester

Williamson's Mass

by RONALD CRICHTON

For the coincidence of the 250th Three Choirs Festival with the Silver Jubilee a number of *new works were commissioned*, the most notable being a *Mass* of *Christ the King*, by the present *Master* of the Queen's Musick, Malcolm Williamson. Though the composition was finished (a vocal score with indications of instrumentation was prepared *some* weeks ago) the complete orchestration was still unready by the time of the final rehearsals. At last Thursday's premiere in Gloucester Cathedral, therefore, the Festival Chorus, the Royal Philharmonic Orchestra, and the week's chief *conductor, John Sanders, were* confined to about two-thirds of the work. Four numbers, including the *Gloria, Credo*, and one substantial Psalm setting, had to be left out.

In spite of the omissions and of a performance prepared at least in the later *stages* under discouraging circumstances, the impression was definitely en*couraging—one is impatient* to hear the whole work as soon as possible. The Mass, when complete, *will* fill a whole evening. There are additions, including three hymns and two psalms to the words normally set for choral purposes. Williamson uses both a full and an "echo" chorus, a large orchestra, and four soloists busily employed singly and in concert. The take-it-or-leave-it directness of his style, in which the lamb of sweet concord lies down beside *the lion of gritty discord, is once* more in evidence, but employed with unusual concision. More than once Poulenc, a composer who also in his church music put his own stamp on a heterogeneous idiom, came to mind.

Various phrases recur to bind the movements together: a call in which the interval of a fourth is prominent, heard on the brass in the opening bars; the chant (diversely accompanied) to which the hymns are sung; a falling figure first occurring at the beginning of the *Kyrie*. *There is plentiful use of* pounding uneven metres such as fives and sevens; some straightforward four-part chordal writing (in "Pater noster" for example), which in Williamson's way is by no means as obvious as it first appears; and a finely energetic *Communion* Psalm ("Afferte Domino"). The sensuous Williamson of the opera, *The Violins of Saint-Jacques*, reappears in some high string descants.

The chorus sang with a certainty which made the sad fact that their labours in the unheard numbers were wasted sadder still. The comparative ineffectiveness of the "echo" chorus, which did little more than blur the rest, may have been due to the Gloucester acoustics—likewise an impression that some numbers are too thickly scored, surely not the fault of the RPO. Williamson writes *liberally for* his women soloists, taking the mezzo (Loris Synan, a strong singer) up to high C and his soprano higher still: it was a pleasure to hear April Cantelo's pure style again though her top notes, if sure, were not always full. The men were Philip Langridge (his main solo necessarily omitted) and Geoffrey Chard.

*

Earlier last week *the opening* concert of the Edinburgh Festival included another new choral work, *Psalms in Time of War*, written by Arthur Oldham for the Festival Chorus he has trained to be such a brilliant body and performed with tremendous brio by them with the Scottish National Orchestra under Sir Alexander Gibson. Williamson's electicism is individual, Oldham's is not. The *Psalms* are an expert, mostly effective, occasionally (in the "Rivers of Babylon" psalm) seductive mish-mash avowedly tailored to this particular choir. No harm in that. Unfortunately a brief note by the composer in the programme included an unclearly phrased and gratuitous swipe at *Carmina burana*. Like him or not, Orff is a minor master, not so easily put in his place.

Cottesloe

Sir Is Winning

by MICHAEL COVENEY

"Getting up people's nostrils is part of trying to do something new." So says Peter Gordon, who plays Terry Ellis, the dismissed Headmaster in this admirably responsible and informative piece of *documentary* theatre about the sad affair of the William Tynedale Junior School in Islington.

That is about as provocative as Ellis is ever allowed to sound by playwright Shane Connaughton. For the rest of the evening he comes across as a professional and serious teacher whose sensible theories of progressive education are impressively encapsulated in a speech where he avers that in order to learn to read, a child must first learn how to concentrate. An interest in chess or *steel bands* could well encourage that aptitude for concentration.

The furore among some of the children's parents, fanned by a part-time remedial teacher, Dolly Walker, is climaxed in Christopher Morahan's production with a public meeting at which the parents' fears about "a total free choice environment for children in school" *is* conducted with the house lights up.

In the second half, the show correctly reflects the tangled growth *of* the dispute into the grey area of political conniving which involved the ILEA, the school managers, sensational *Press* coverage ("*Is This A* School Or Is It A Scandal?" ran one banner headline in the *Evening News*) and the eventual dismissal of Ellis and five colleagues for refusing to participate in an ILEA inspection before the official inquiry.

If the evening, as theatre, is occasionally flaccid where a previous Connaughton show (about George Davis, at the Half Moon) was aggressively electric, that may be because the text treads carefully and seriously through the issues which focussed a national debate about the entire educational system. About half the children were withdrawn from the school by their parents and, by the time it ceased to *function*, Ellis was left emotionally drained and confused in his attempts to put his case to impatient managers, busy officials and even critical left-wingers calling for fundamental analysis.

Although the play amounts to a criticism of the findings of the enquiry under the *chairmanship* of Robin Auld, QC, it is surely desirable that public discussion of the case should continue, and where better to start than on one of the stages of the National Theatre. It is, after all, Ours, as well as Theirs.

Elizabeth Hall

Messiah by ANTHONY HICKS

Though Handel has been "featured" in the concerts of the Academy of St. Martin-in-*the-Fields* during *this* year's South Bank summer music *festival*, all the music has been drawn from the standard instrumental and orchestral repertory. The choice of *Messiah* for the last Handel concert of the festival seemed to set the seal on this lack of enterprise. *There* were some marvellous contributions from the performers, but on the whole it was a shoddy affair.

Conductor *Neville Marriner* opted for the Christopher Hogwood version (as recorded by the Academy) which is claimed to be that of the first London performance of *Messiah* in March, 1743. As Nicholas Kenyon hinted when reviewing the recording on *this* page, it *isn't*. Two *brief* examples: the turgid original opening of "Thus saith the Lord" was removed by Handel before the Dublin première of 1742, while the damaging cut in "Blessing and honour" was almost certainly made when Handel used the chorus for a pastiche anthem in 1749, and was never adopted in *Messiah* itself.

Such details were fairly insignificant in Friday's *performance*, however, because another half-hour or so of music had been *arbitarily* removed—*an* extraordinary procedure given that an earlyish start (7.30) was made and that *Messiah* at Mr. Marriner's speeds can be comfortably fitted, with one interval, into three hours. Did someone panic on finding overtime had *not* been budgeted *for*?) The cuts fell hardly on that fine young mezzo Sandra Browne. Unsteady in "O thou that tellest," she soon settled into "He shall feed His flock," only to be deprived of its second stanza. When she came to the end of a heartfelt first section of "He was despised" and at least one listener was keenly anticipating a passionate and dramatic account of the middle section ("He gave His back to the smiters"—the words were in the programme) Mr. Marriner moved insensitively on to the next number.

The other soloists were more fairly treated and were invariably satisfying. Elly Ameling brought the right sense of joy and wonder to the Nativity numbers, Philip Langridge was electrifying in "Thou shalt break *them*" and Willard White found the variety of tone to encompass the resigned mood of the original version of "But who may abide" and the power of "The trumpet shall sound" (first section only, of course).

Mr. Marriner's mechanised parade ground beat was all too faithfully reflected in the clipped and hard-faced playing of the Academy strings, but the Academy's chorus, praise be, transcended it. They too were precise and well up to the considerable demands of the many fast speeds and fussy dynamic nuances, yet, thanks presumably to Laszlo Heltay's training, there was always fullness, warmth and unfailing commitment to both words and music. They made the evening worthy of a prestigious music festival—just.

Lyceum, Edinburgh

Touched

Touched, by Stephen Lowe, has been reviewed here by Michael Coveney when it opened at Nottingham. It was worth bringing it to the Edinburgh Festival, not only on its own merits, but as an example of the kind of work being done at Nottingham under Richard Eyre.

It is a study in the Armistice-life of England between VE and VJ day, when the war seemed to be over and yet was going on out of sight. It is set in a terrace of houses in industrial Nottinghamshire, ingeniously designed by William Dudley to give way to open parkland when required. Little happens. Betty, a romantic young girl, is conned into getting engaged to a Polish airman with prosperous pretences; her oldest sister, Sandra, believes herself pregnant from an Italian prisoner-of-war; Joan, the middle sister, busies herself running the lives of the other two. They are played with deep understanding by Kay Adshead, Marjorie Yates and Susan Tracey. Two others complete the family group—Johnny, the half-wit boy (Mick Ford) and Sandra's mother (Kristine Howarth).

Sandra's phantom pregnancy is an allegory of the times, for everyone believes that the end of the war and the return of Attlee's Government will usher in a new age of justice and humanity. Only Sandra, the most introspective of the family, feels doubtful. *After* the bombing of Hiroshima and Nagasaki, they are all picnicing on the Heath when *the little* girl Pauline (Donna Owen) brings a handful of mushrooms. Be careful, Sandra warns her, they may be poisonous; and as the curtain *falls* she makes an evaluating examination of the dubious vegetables in her hand.

Mr. Lowe (who was not born until two years after VJ Day) has reconstructed the period with loving care but has a little spoilt it with his Brechtian alienations—a "voice over" BBC account of Belsen and Buchenwald, illuminated subtitles, electrically displayed above the Lyceum's tall proscenium which lower the pressure of the atmosphere so assiduously evoked.

People of Mr. Lowe's generation have *this curious* nostalgia for the war that they missed. It is unfair of them to peep over the shoulders of their characters and hint that there is more to their lives than they know.

B. A. YOUNG

Festival Hall

Beethoven's Egmont

South Bank Summer Music ended last Sunday with an absorbing account of Beethoven's music for Goethe's play *Egmont*. The overture, Clärchen's two songs, the interludes and melodramas, were linked by the narrative written by Mosengeil and approved by the sage of Weimar, who had belatedly discovered that Beethoven's music, which he much admired, made his play too long. *The result profitably* filled the second half of a concert in which there was room for the Triple Concerto (soloists Christoph Eschenbach, Salvatore Accardo and the warm-hearted Lynn Harrell) also for the Metastasian aria "No, non turbati" which Elly Ameling sang with suppleness and the correct degree of contained passion.

Neville Marriner conducted the New Philharmonia. He can be depended upon for spruce, neat playing: the tension and commitment he and the orchestra brought to *Egmont* were out of the ordinary. These qualities were matched by Richard Pasco's excellent declamation—vigorous and *incisive without false pathos*. The melodramas made one realise that it is more often the speaker than the musicians who fail in matching the spoken word to musical accompaniment. Not so here. Miss Ameling took care of Clärchen's songs. She has matured into a fine artist whom it would be a pleasure to hear in an extended recital.

RONALD CRICHTON

THE PALESTINIANS AND THE SUPER POWERS

Arafat slips in quietly for Moscow talks

BY DAVID SATTER MOSCOW, August 29.

MR. YASSER ARAFAT the Palestinian leader arrived quietly in Moscow to-day at the head of a Palestine Liberation Organisation delegation. His visit went unannounced except for a three-line statement by the Soviet news agency Tass which confirmed his arrival but gave no indication who Mr. Arafat will meet or what will be discussed.

Western diplomats believe, however, that Mr. Arafat is in Moscow to discuss the possibility of PLO acceptance of United Nations Resolution 242 and steps towards reconvening the Geneva peace conference on the Middle East.

When Mr. Arafat last visited Moscow in April, he met the Soviet leader Mr. Brezhnev who assured him of Soviet support for the creation of an independent Palestinian state and Palestinian participation in any reconvened Geneva conference.

Since then, the Palestinians have indicated that they would accept some version of Resolution 242, which tacitly recognises Israel, as a formula for their participation at Geneva.

This possibility seemed to have been quashed on Friday when the 55-man PLO policy making Central Council reaffirmed Palestinian objections to Resolution 242 in that it ignores Palestinian national rights.

The USSR objected to a plan advanced by Mr. Cyrus Vance, the U.S. Secretary of State, earlier this month for a Middle East Foreign Ministers working group, preliminary to Geneva, because they regarded it as a potential first step toward the exclusion of the Palestinians from the Middle East peace-making process.

They are definitely anxious, however, to reconvene the Geneva peace conference, which they have said repeatedly is the proper forum for settling the Middle East dispute.

There have been mixed reports in Moscow on whether the USSR is urging the Palestinians to accept Resolution 242. Some sources suggest that the USSR would regard it as an undue concession; others say Moscow believes it would be the only way to generate movement toward reconvening the conference in Geneva, of which the Soviet Union is co-chairman with the Americans.

Assad pessimistic on Geneva prospects

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, August 29.

PRESIDENT ASSAD of Syria, in an extensive interview in this morning's New York Times, said that unless Israel recognised the existence of a Palestinian problem then another Middle East war was inevitable. The Arabs would win such a war, he said, "because the future is in our favour."

The Syrian President stated that it is difficult to see even a glimpse of light on the "rocky road" ahead to a peace settlement: he was unenthusiastic about reconvening a Geneva peace conference this year and pessimistic about its chances for success if it was reconvened.

While he averred that he was willing to sign a limited peace agreement with Israel — and tacitly thereby admitting Israel's right to exist — he had little time for the American view that peace should be succeeded by full "normalisation" of relations between the Arab countries and Israel.

On the other hand, Mr. Assad was not insistent that the Palestinian Liberation Organisation had to be acknowledged as the official representative of the Palestinian people. The PLO's council last week again refused to recognise Israel's right to exist, but Mr. Assad did seem to imply that there were other formulae that could be devised that would ensure that the Palestinians were properly represented at any peace conference, perhaps through an organisation such as the Arab League.

President Assad appeared particularly dubious about the willingness of the new Israeli government to abandon what he saw as its expansionist policies—on the West Bank, in Gaza and in the Lebanon. Mr. Cyrus Vance, the U.S. Secretary of State, had "brought nothing" from Israel to show the Arabs in his latest round of negotiations.

Given Israeli aggressive intentions, he argued, Syria needed security guarantees more than did Israel, with evacuation of Israeli occupied territories a non-negotiable demand in any peace discussions.

E. Germany expels five to the West

By Leslie Colitt

BERLIN, AUGUST 29.

EAST GERMANY has released from jail five political dissidents and expelled them to West Berlin in a drive to rid the country of protestors. This is the first group expulsion of dissidents, though a growing number of prominent East German writers and actors have been given exit permits.

Those expelled include two men whose original applications to leave for the West with their families were rejected. Dr. Karl-Heinz Nitschke, from the East German town of Riesa, drew up a petition for the UN in which he and over 80 other signatories deplored the lack of civil rights in East Germany. He was arrested a year ago and has been in detention since without being formerly charged. Another, Professor Hellmuth Nitsche, wrote to President Jimmy Carter asking for help in getting out of East Germany after his applications to leave were repeatedly refused. The other three, who previously refused to leave East Germany, are the writer, Juergen Fuchs, and two members of an East German rock music group, disbanded last year for performing anti-Government songs.

Adrian Dicks writes from Bonn: The expulsion of the five adds to the strain on relations between the two German states at the very moment that the Bonn Government is trying to impress that resumed talks with East Berlin might produce results later this year.

But the East German authorities cast new doubt on this view at the week-end when they withdrew permission, previously given, for a visit to Potsdam, near East Berlin, by the Christian Democratic members of the West German parliament.

Italy's banks expected to reduce prime rate

BY PAUL BETTS ROME, August 29.

ITALY'S commercial banks are expected to reduce their lending rate to prime borrowers for the second time this year following the week-end one-and-a-half-point cut in the Italian discount rate which came into force to-day. The prime rate currently stands at 18.5 per cent. while the discount rate was reduced from 13 per cent. to 11.5 per cent. this week-end.

The Italian cabinet's decision to reduce the discount rate and introduce several measures to boost Italy's stagnant capital risk market at its first meeting after the traditional long summer holiday break is the first tangible sign of the agreement on a common government programme signed by the country's six main political parties, including the communists, last July.

The measures adopted by the minority Christian Democrat cabinet of Sig. Giulio Andreotti have been generally welcomed by the country's political forces as an indication that the government, after the lengthy and controversial negotiations for the inter-party agreement, is now taking practical steps to overhaul Italy's economy.

The Milan bourse, for its part, continued to recover to-day following the government's reduction in dividend taxes, the announcement of the restructuring of the Italian commission on the bourse, and fiscal incentives to enable small savers to invest in new share issues for the urgent capital reconstruction of most semi-state and many private companies.

U.S. pleased over South Africa bomb co-operation

By Jurek Martin

WASHINGTON, August 29.

THE Carter Administration is currently basking in the warmth of what it sees as much improved relations with the Soviet Union following an extraordinary display of co-operation between the two superpowers in the successful multi-national effort to dissuade South Africa from detonating an atomic bomb.

Little mention, however, is being made of the one aspect of the affair which might be considered embarrassing—that it was Russian, not American, intelligence work that determined that South Africa was contemplating an imminent nuclear bomb test at its facilities in the Kalahari desert.

What the U.S. considers particularly beneficial is that Mr. Brezhnev, the Soviet Union leader should have initiated contacts with President Carter on August 6 actually asking for U.S. assistance in stopping the South African test.

President Carter clearly reciprocated the co-operative tone of Mr. Brezhnev's message in a private communication to the Soviet leader on August 15, thus making possible, the White House believes, the conciliatory speech given by Mr. Brezhnev the following day at a Moscow banquet for President Tito of Yugoslavia.

That speech, in which Mr. Brezhnev referred to certain recent positive developments in U.S.-Soviet relations, was the first public Russian reaction to a speech given by President Carter in Charleston, South Carolina, on July 21, which was patently designed to take some of heat out of tensions between Moscow and Washington.

Dutch race against time

BY MICHAEL VAN OS AMSTERDAM, August 29.

THE FIRST goal of Dr. Gerhard Veringa, the Christian-Democrat appointed by Queen Juliana to try to end three months of political crisis, will be to work out a compromise over the abortion issue, acceptable to both the Labour Party (PVDA) and the Christian-Democratic Party (CDA).

He said in The Hague to-day that he has given himself seventen days to achieve this—a relatively long time—because the problem is "extremely difficult." Last Thursday, the caretaker Prime Minister, Mr. Joop den Uyl, failed in his second attempt to form a new left-of-centre coalition, similar to the one still in office in a caretaker capacity, due to the PVDA's insistence on early legalisation of abortion in Holland in the face of strong opposition from the Christian-Democrats.

If his mediation attempt fails—and his chances are considered fairly small in political circles in The Hague—then Dr. Veringa will consider setting up a coalition between the Christian-Democrats and the main Right-wing Opposition party, the VVD. These two parties command a very slim majority in Parliament since the May general elections and have governed together harmoniously before but the VVD also favour early legislation of abortion which, in practice, has been allowed in Holland for many years.

Dr. Veringa's last alternative would be a Left-wing or a Christian-Democratic minority Government, but this would require assurances from the various parties that such a Government—the first since the war—would be given some lease of life.

Call for Bhutto's arrest

LAHORE, August 29.

LAWYERS OF Pakistan's High Court Bar Association in Lahore have demanded that the deposed Prime Minister, Mr. Zulfikar Ali Bhutto, be arrested and charged with murder.

In a unanimous resolution published in newspapers to-day, the Association said investigations have established that Mr. Bhutto, overthrown by the army on July 5, was responsible for the murder of a number of people.

Members of Mr. Bhutto's Pakistan People's Party had committed a breach of trust, misappropriated public funds and amassed wealth by abusing their positions, it said.

"We appreciate the policy of the (military) Government to bring all offenders to book but cannot understand why reports of these investigations and inquiries should not immediately be placed before a court," the lawyers said.

Yesterday Mr. Bhutto told reporters charges had been brought privately against him in Pakistani courts, and it was possible that he might be detained.

In Islamabad to-day, a military court jailed three of Mr. Bhutto's supporters for six months each and sentenced them to 10 lashes each for violating martial law restrictions on political activities.

The three were found guilty of holding an unlawful gathering and chanting slogans on Mr. Bhutto's arrival at Islamabad Airport last Friday.

Reuter

Chinese policy switch

BY YVONNE PRESTON PEKING, August 29.

THE SPREAD of more moderate policies in China was given another boost at the week-end when, at an official ceremony to exonerate and posthumously to rehabilitate the former Education Minister, Chou Jung-hsin, it was conceded that an educational generation has been lost because of the Cultural Revolution.

At the ceremony, attended by Chairman Hua Kuo-feng and the four new Communist Party vice-chairmen, the so-called Gang of Four radicals were accused of hounding Mr. Chou to death for his view that Chinese educational standards had dropped sharply after the Cultural Revolution. This view now has official backing.

A recent article in the Peking newspaper, Kuang Ming Daily, said the decline in teaching standards has cost the country more than the loss of tens of millions of tons of steel. Losses have been particularly serious in the scientific and technical fields, it said.

China does not have enough research scientists or technologists to tackle the problems of economic modernisation and there is a grave shortage of young scientists and technologists.

The People's Daily has now recognised the importance of an educational "elite." Some people are naturally brighter than others, a recent article says. "We welcome the men of talent."

Fear of the emergence of an elite lay behind the efforts of the past ten years to trim the wings of the intellectuals and force months of manual labour upon them every year.

Sydney Morning Herald.

Ethiopia revamps command

BY JAMES BUXTON ADDIS ABABA, August 29.

ETHIOPIA'S warfronts were reported calm to-day as the Government began implementing a major restructuring of the administration aimed at improving wartime co-ordination. The proclamation, announced over the week-end, groups a core of supporters of Colonel Mengistu Haile Mariam, the head of state, into a National Operations Council under his direction.

Meanwhile, the Government has told the International Red Cross that some 50,000 civilians have either been displaced or are living in areas badly affected by the war in the Ogaden region. By co-operating with the Red Cross, whose representative was flown to the Ogaden town of Dire Dawa for a brief visit on Saturday, the Government has cleared the way for the launching of an international appeal for assistance to Ethiopia, should the International Red Cross headquarters in Geneva decide it is justified.

The proclamation creating a National Revolutionary Operations command aims at effecting the mobilisation call broadcast by Colonel Mengistu nine days ago. The new command will have control over the military sector commands. Government ministries and mass organisations. Its role will be to prepare short and long-term defence plans and direct the country's defence policy.

At its core is the National Operations Council, which like the command is to be chaired by Colonel Mengistu. This body includes senior members of the Ruling Military Council or Derg, notably those responsible for military political political affairs and for defence. It also includes senior civilian ministers, including those for defence and foreign affairs, and armed forces commanders. The rest of the membership is made up of representatives of mass organisations including the Politburo, trade unions and peasants associations.

UPI adds from Nairobi: Mogadishu Radio has said that Somalia President Siad Barre flew to the Soviet Union, apparently to try to patch up deteriorating relations between the two countries.

"President Siad and a powerful delegation left Mogadishu last night for Moscow at the invitation of the Soviet Union," the official radio said. It gave no further details of his surprise trip.

Concorde hearing set

NEW YORK, August 29.

A FEDERAL appeals court to-day ordered that the Anglo-French supersonic airliner Concorde be barred from making flights to New York until a court hearing on its landing rights here set for September 19.

Without the appeals court ruling, Concorde's operators, Air France and British Airways, would have been free to start flights at the city's Kennedy airport to-morrow.

Kennedy's owners, the Port Authority of New York and New Jersey, is seeking a reversal of a federal district court ruling two weeks ago which ordered the authority's 17-month-old "temporary" ban on Concorde flights lifted.

Reuter

Papermakers to gain most from Swedish devaluation

BY KEVIN DONE

THE U.K. is Sweden's major export market, with Norway ranking a close second, and the attraction of selling to Britain will have been greatly enhanced by the 10 per cent. devaluation of the Swedish kroner.

Last year 11.3 per cent. of Swedish exports were directed towards Britain which, compared with 1975, pushed Norway down into second place with 11.2 per cent., West Germany third with 9.9 per cent., and Denmark fourth with 9.8 per cent.

The fact that Sweden, Norway and Denmark count each other among their major trading partners will dilute some of the effects of the devaluation by all three countries, but Sweden, with the largest devaluation, will clearly derive the greatest benefits for its exports.

The biggest gain can be expected by the Swedish paper and pulp manufacturers, who experienced a profit slump in 1976 and who were expecting a further downturn this year.

Swedish mills have not benefited from the increased demand for pulp from the West European market this year chiefly because of the competition of increased exports from North America. Swedish fine paper producers are also facing severe problems because of increased penetration of the U.K. market by French and West German producers, and plants are only operating at 65 per cent. of capacity.

Pulp and paper is probably the major commodity that will benefit from the 10 per cent. devaluation and was Sweden's largest single export to the U.K. in the first six months of the year at £259m.

During the first half of the year, exports from Sweden to the U.K. amounted to £657m. of which the major areas of trade were wood, pulp, paper, machinery and transport equipment.

With an immediate price freeze implemented in Sweden, U.K. exporters will clearly face greater hurdles in overcoming the effects of the devaluation on their competitiveness. In the first half of the year there was only a slight trade balance in Sweden's favour, with the U.K. exporting £629m. worth of goods.

The British market also plays just as important a role in the Norwegian and Danish economies. Of total U.K. imports in the first six months of the year of £18.7bn. Norway accounted for £544m. and Denmark for £405m. During the same period, U.K. exports to Norway totalled £292m. and to Denmark £394m.

Last year the U.K. absorbed nearly 30 per cent. of Norway's total exports, compared with a figure of only 19 per cent. in 1972.

VW and MAN link for trucks

By Adrian Dicks

BONN, August 29.

THE COMMERCIAL vehicle market in West Germany and abroad faces a new challenge in the 6-9 ton range of trucks in the form of the combination of forces now agreed upon by Volkswagen and Maschinenfabrik Augsburg Nuernberg (MAN).

After at least nine months of discussions, the two companies announced to-day that they have signed a co-operation agreement which should allow the first of a new range of three models to be put on the market by the end of 1979. Initial production is expected to run at an annual rate of about 15,000, of which the two companies aim to sell one-third on the domestic West German market and the remainder abroad.

The three new models will be a 6-6.5 tonner with a 90 bhp engine, a 7.5-8 tonner with a choice of 90 or 135 hp engine and a 9 tonner with the 135 bhp engine. To-day's joint Press statement said that the three types would fill a gap in both companies' present range of trucks.

VW is to build at its Hanover plant the cabs, rear axles and gearboxes, while MAN will assemble at its Salzgitter plant the motors, chassis, front axles, brakes and superstructures. The new trucks will carry the names of both companies, symbolising the fact that the deal is a co-operation agreement and in no sense a merger. No new joint company is to be set up, and sales and servicing will be done through the existing networks of both partners.

Growth in Soviet debt with West slows

BY DAVID SATTER MOSCOW, August 25.

THE SOVIET UNION'S troublesome debt with the West continued to expand during the second quarter of this year but the amount of the increase was sharply cut back, according to figures released to-day in the Soviet Foreign Trade journal. There have been fluctuations in the past but this year it is more pronounced.

Soviet trade with the West is heavily in deficit—at the end of last year the Soviet Union's hard currency indebtedness is estimated to have totalled about £8.14bn.

In the first six months of this year the increase in Soviet debt with industrialised capitalist countries was roubles 1.34bn. (£1.1bn.). This is 38 per cent. less than the increase in the deficit of roubles 2.25bn. (£1.8bn.) built up during the first six months of last year.

The rate of increase this year slowed markedly in the second quarter with only roubles 192.9m. (£153.1m.) or 14 per cent. of the total six-month indebtedness being added during the April to June period.

Total Soviet foreign trade was evenly balanced during the first half but expanded 13 per cent. to a value of Roubles 32.14bn. (£25.5bn.) from Roubles 28.38bn. (£22.52bn.) during the equivalent period last year.

Almost all of the overall increase, however, was in trade with Comecon countries and the third world. The value of trade with Comecon rose 19 per cent. to a value of Roubles 17.08bn. (£13.56bn.) from a value of Roubles 14.35bn. (£11.39bn.) during the first half of 1976.

Soviet trade with the developing countries increased 31 per cent. to a value of Roubles 4.2bn. (£3.33bn.) from a value during the first half of 1976 of Roubles 3.2bn. (£2.5bn.).

The volume of trade with the West remained almost stationary, registering a slight decline to Roubles 9.44bn. (£7.49bn.) from Roubles 9.5bn. (£7.5bn.) in the first half of last year.

The Soviet debt with the West was offset by surpluses in their expanding trade with the developing countries and Comecon. The Soviets had a surplus of Roubles 735.4m. (£583.7m.) in their trade with the developing countries and a surplus of Roubles 571.6m. (£453.6m.) on trade with Comecon.

Commercial sources believe that the Soviets may be in the process of beginning to re-channel some of their trade to the developing countries and Comecon particularly in order to find substitutes for Western imports and reduce the level of their hard currency indebtedness.

Japanese colour TV exports down 31%

JAPANESE colour television exports fell by 31.2 per cent. in July to 365,267 sets from a year before, due mainly to curbs in the U.S., the Electric Industries Association said to-day. Exports to the U.S. during the period fell 54.6 per cent. to 185,710 following an agreement between Washington and Tokyo which became effective on July 1, Reuter reports from Tokyo.

Colour television exports to the nine-member EEC and Australia also fell sharply by 28 per cent. and 40 per cent. to 27,268 and 25,228 respectively compared with July, 1976, the Association added. But exports to Britain rose 10 per cent. to 12,735 sets from a year earlier.

India clarifies steel plan

BY K. K. SHARMA NEW DELHI, August 29.

INDIA'S MINISTRY of Steel has confirmed that the second stage of the Bokaro steel plant which will take its capacity to 4m. tonnes annually will remain the responsibility of the public sector Metallurgical and Engineering Consultants (MECON), Engineering Projects India (EPI) and Heavy Engineering Corporation (HEC). Overall charge was given to them when an agreement with the Russians who built the first stage of the plant, was terminated soon after the Janata party came to power.

MECON is, however, negotiating with the U.S. Armco company for outright purchase of technology for the cold rolling mill complex that was originally to have been supplied by the Russians. The Steel Ministry says Armco's technology is preferred because it is more sophisticated and not because the Government has decided not to get involved with the Russians.

The Steel Ministry says last week's U.S. Press reports are misleading since there has never been any "nation-to-nation" agreement with the U.S. for expansion of Bokaro. MECON is now conducting the "normal process" of obtaining U.S. technology for a "limited" purpose and has chosen Armco since its technology is the most sophisticated available.

The original Russian agreement was scrapped on the basis that the Indian public sector companies could do the job themselves. This position remains unchanged and the entire job of design, detailed engineering and implementation will be done by Indian engineers. The cost of expansion of the plant to the 4m.-tonne stage is estimated at Rs.9.4bn. (about £600m.).

This does not preclude MECON from buying technology from other countries, including Russia, with which its agreement on obtaining technical assistance from the central Soviet Design Organisation for Metallurgical Enterprises has been extended by another five years. The agreement being negotiated with Armco is on the same basis.

The Ministry says that the Janata Government's decision to terminate Soviet technical assistance for the Bokaro expansion was carried out with the approval of the Russians who agreed that India had developed sufficient expertise and consultancy to be able to cope with the job.

At present, MECON is doing detailed engineering jobs not only at Bokaro but also for other steel plants at Durgapur (built with British help), Rourkela (German aided), the Visweswaraya iron and steel works, and the cold rolling mills complex at Nagarjuna. MECON has also won contracts from Nigeria and Mexico.

Iran in 'U.S. barter deal'

New York, Aug. 29.

IRAN HAS lined up a major new barter deal with a U.S. engineering firm that will enable it to move 100,000 barrels daily of its hard-to-sell heavy crude oil on a long-term basis, Petroleum Intelligence Weekly (PIW) reports in its Monday issue.

PIW says the oil will be sold to a New England Petroleum Corporation (NEPCO) affiliate, Grand Bahama Petroleum, which owns 65 per cent. of the 500,000 barrel-a-day Bahamas refinery. (Standard Oil Company of California owns the rest.)

The deal involves the equivalent of a substantial discount off Iran's $12.49 a barrel official price, PIW says it understands. The engineering firm — Brown and Root, a unit of Haliburton — is building a large port facility for the Iranian navy under a contract valued in hundreds of millions of dollars, the publication says. However, neither Brown and Root nor the NEPCO affiliate would confirm or comment to PIW on the deal.

The barter was generated by the Iranian Navy to raise funds for port construction, PIW adds.

AP-DJ

Swiss chemicals record

BY JOHN WICKS ZURICH, August 29.

EXPORTS of the Swiss chemical industry reached a record half-year value of Sw.Frs.4.37bn. in the first six months of this year, passing the former peak of January-June, 1974, by rather over Sw.Frs.100m. The figure was some 6 per cent. up on the corresponding period of last year.

The growth was possible despite a decline in the value of dyestuff exports by 5.5 per cent. to Sw.Frs.751.2m. At the same time, sales abroad of pharmaceutical products jumped by 11.5 per cent. and reached the same figure of slightly over Sw.Frs. 750m. Exports of organic products, including pharmaceutical active agents, were higher by 4.4 per cent.

Imports, of which over one-half was made up of organic chemicals and plastics, were higher by 16.1 per cent. than for the first half of 1976 at Sw.Frs. 2.59bn. This was still below their record level in boom year 1974, however. Imports of organics rose this year by 15 per cent., those of plastics by 17.7 per cent. and dyestuff impors by no less than 37 per cent.

Turnover of the Swiss chemical industry in the second quarter of 1977 was 2.8 per cent. lower than in the first quarter but 6.4 per cent. better than in the corresponding three months of last year.

Scotch sales increase

FINANCIAL TIMES REPORTER

SOME 51M. gallons of Scotch whisky worth £276m. were exported in the first seven months of 1977, according to Department of Trade statistics. This was a 5 per cent. rise in volume and a 24 per cent. jump in value.

The whisky exported in bottle from Scotland showed similar trends to the overall total and shipments rose by 5 per cent. in volume to 35m. gallons and 25 per cent. in value to £234m.

Whisky blended in Scotland but shipped out in bulk, mainly destined for the U.S. market, actually dropped in volume, by over 1 per cent. to 10m. gallons while the value rose only 10 per cent. to £23.2m.

Bulk malt whisky showed a 16 per cent. volume increase at 5.5m. gallons and a 27 per cent. value rise at £14.5m. Bottled malt whisky was 20.5 per cent. up in volume to 0.4m. gallons and 38 per cent. in value to £4m.

LEGAL NOTICES

No. 002738 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of J. B. KINEY (CONTRACTORS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 22nd day of August 1977, presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY of State House, High Holborn, London, W.C.1 and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 24th day of October 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

M. W. M. OSMOND,
State House,
High Holborn,
London, W.C.1.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 21st day of October 1977.

No. 002337 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MAKS AWENOTH LIMITED and in the matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 18th day of July, 1977, presented to the said Court by SEVY-SHAW LIMITED whose registered office is situate at 103 Portland Street, Manchester, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 10th day of October, 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
108 Kingsway, London WC2B 6PZ.
Ref: 14RR. Tel. 01-405 9374.
Agents for:
BLUNT, HAYWARD & BERRY,
of Macclesfield, Cheshire SK11 1AH,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of October, 1977.

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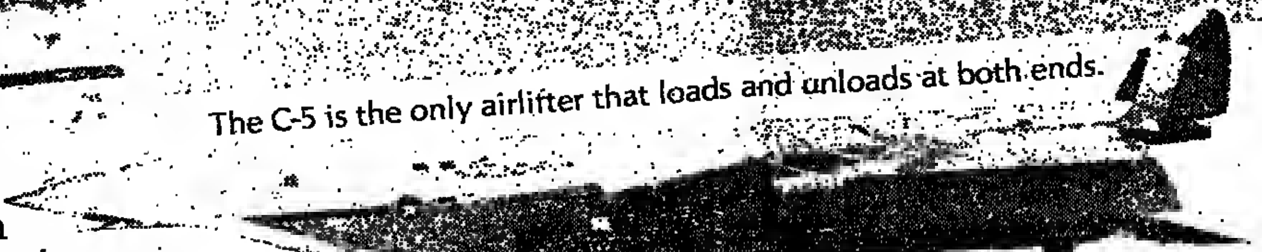
85 tons to Moscow.

Nonstop from Chicago by the USAF/Lockheed C-5.



The C-5 is the only airlifter that loads and unloads at both ends.

Refueling twice in the air, a United States Air Force/Lockheed C-5 airlifted a 40-ton superconducting magnet and 45 tons of related equipment from Chicago to Moscow last June. The 5900 mile flight was the longest in the history of aviation with this heavy a payload.

The largest airlifter in the world, the C-5 has transported heavier loads in the past but on shorter operational flights. The C-5 is operated by the U.S. Air Force's Military Airlift Command.

The magnet will be used in a joint effort by the United States and Russia to develop more efficient ways of producing electricity.

One of the unique features of the C-5 played an important role during the airlift. To load and unload the huge magnet, the C-5 "kneeled" on its 28-wheeled landing gear. This lowered the C-5 cargo deck to within five feet of the runway. The magnet and its ground transporter then were rolled up the C-5's nose ramp and into the giant cargo compartment.

The C-5 is the only airlifter that can kneel to handle such massive equipment.

Lockheed has been dedicated to building great airlifters for more than 20 years. It produced the C-141 StarLifter for the U.S. Air Force and recently stretched the fuselage of one of those airlifters to increase its cargo capacity 33%. It continues to build the Hercules airlifter, which has been chosen by 43 nations and has flown more mercy flights than any other cargo plane.

The world's biggest airlifter.

One of the technological achievements of the 55,000 workers at Lockheed.

BOND DRAWINGS

COMISION FEDERAL DE ELECTRICIDAD C.F.E.

8½% 1969/1979 UA 10,000,000 LOAN

On August 5, 1977, bonds for the amount of UA 1,000,000 have been drawn in the presence of a Notary Public for redemption on October 8, 1977.

The following Bonds will be reimbursed coupon due April 8, 1978 and following attached:

2772 to 3028 inclusive 3036 to 3215 inclusive 3217 to 3779 inclusive. Amount unamortised: UA 2,806,000.

Outstanding drawn Bonds:

37 199 to 283 inclusive 226 and 227 232 and 233 1300 to 1302 inclusive 1313 to 1316 inclusive 1326 to 1333 inclusive 1338 to 1343 inclusive 1347 to 1351 inclusive 1368 1370 1377 and 1378 1387 to 1389 inclusive 1394 1402 1455 and 1458 2731 to 2735 inclusive 2738 to 2740 inclusive 2751 2754 and 2755 7681 8180 8208 to 8211 inclusive 8225 and 8226 8278 and 8279 8522 to 8534 inclusive 8539 to 8541 inclusive 8554 and 8555 8572 to 8574 inclusive 8577 8591 8602 8613 8832 8658 and 8659 8682 to 8701 inclusive 8768 and 8769 8784 to 8789 inclusive 8792 to 8800 inclusive 8808 to 8813 inclusive 8820 and 8821 8827 to 8836 inclusive

The Trustee, FINIMTRUST S.A.

Luxembourg, August 19, 1977.

COMPANY NOTICES

Dividend Notice

International Systems and Controls Corporation

The quarterly dividend of 6¼¢ per share of ISC Common Stock will be paid on September 15, 1977 to the stockholders of record on August 31, 1977.

W. D. Frank, Secretary
2727 Allen Parkway
Houston, Texas 77019

ISC is engaged in engineering, manufacturing, trading and financial operations worldwide. ISC's principal markets are in the development of energy, agricultural and forest resources, grain, food, chemical, petrochemical and pulp processing.

BEARER DEPOSITARY RECEIPTS Representing Common Stock of ASAHI CHEMICAL INDUSTRY LTD

A Distribution of $0,888 per depositary share less any applicable taxes will be payable on and after August 18, 1977 upon presentation of coupon No. 8 at the offices of any of the following Depositaries: MORGAN GUARANTY TRUST COMPANY. Brussels: Avenue des Arts, 35 Antwerp: 82, Frankrijklei London: 33, Lombard Street Paris: 14., Place Vendôme Frankfurt: Bockenheimer Landstrasse, 8 BANCA VONWILLER S.p.A., Via Armorari, 14, Milan Bank Mees & Hope N.V., Herengracht, 548, Amsterdam Banque Générale du Luxembourg, 27, avenue Monterey, Luxembourg.

BEARER DEPOSITARY RECEIPTS REPRESENTING COMMON STOCK OF ASAHI CHEMICAL INDUSTRY COMPANY LTD.

A 7% stock dividend has been declared payable as from August 8 until November 7, 1977 upon presentation of coupon no. 7 at the offices of the following depositaries:

MORGAN GUARANTY TRUST CY OF NEW YORK;
—Brussels, 35, avenue des Arts
—Antwerp, 82, Frankrijklei
—London, 33 Lombard Street
—Paris, 14 Place Vendôme
—Frankfurt/Main, 8 Bockenheimer Landstrasse
—Banca Vonwiller S.p.A., Via Armorari, 14, Milan
—Bank Mees & Hope N.V., [illegible]
[illegible] mbourg, [illegible] embourg

F. AUSTIN (LEYTON) LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books of the above Company will be closed from 16th to the 28th September, 1977, both dates inclusive, for the preparation of dividend warrants.

By Order of the Board,
T. L. REES, Sec[illegible]

Argall Avenue,
Leyton,
London E.10 7PZ.

HOME NEWS

The bid to bring jobs to the regions

A RECENT Government circular from the Department of the Environment exhorted local authorities to make industrial expansion and job creation a priority. Although fine in principle, it did little in practice to change the present problem of too many industrial development officers chasing too few industrialists.

Nor is life made any easier by the present plan to give special help to the inner cities of the great metropolitan areas. The squeeze on the traditional industrial towns which have fallen on harder times has thus been intensified at a time when money is short and there are threats of further cuts in rate support grants.

Nor is local government uniformly prepared to take on the role of industrial developer, though existing staff probably have all the necessary skills. These are too often locked away in uncommunicative departments and in a system that has consistently and deliberately been compartmentalised and therefore protectionist.

The reversal of the move to new towns and a green field environment will not necessarily be accepted by some of those towns which has successfully mixed a traditional rural base with a new industrial overlay.

In the meanwhile, local authorities find themselves in the forefront of tack[illegible] dustrial recession, rat[illegible] providing social servi[illegible] a series of three art[illegible] look at three [illegible] authorities and the [illegible] which they are tack[illegible] job. We begin with [illegible] in Cheshire, and conti[illegible] Tyne and Wear, co[illegible] with Sedgemoor, in So[illegible]

Halton lives on its wits as it struggles to attract new industry

BY STUART ALEXANDER

HALTON COUNCIL came into being at the time of the 1974 local government reorganisation. Many people have never heard of it, few would know where it is. Yet it takes in two well-known towns and provides a typical example of the problem facing a local government system that is ill-prepared to becoma an industrial developer and is having to live on its wits rather than a smooth machine or a depth of experience.

Halton was formed by the twin towns of Runcorn and Widnes. They are connected by a steel girder bridge across the Mersey between Liverpool and Manchester and its problems are formidable. For, in addition to being a hybrid Lancashire/Cheshire borough (Widnes was formerly in Lancashire), it has high unemployment (nearing 14 per cent. in Widnes), is situated between two metropolitan areas and the green fields of tha Wirral and North Cheshire, and at Runcorn there is a new town development nearing completiou which acts autonomously.

The traditional economic base has been tha chemical industry, which still employs half the industrial workforce and about 25 per cent. of all the people in the area. But, partly because many of the companies in the area are subsidiaries rather than locally controlled, almost 2,000 jobs bave beeu lost during tha last two years because of redundancies and closures.

Problems

About 87 per cent. of the workforce has low educational qualifications and nearly 80 per cent. of eligible pupils leave school at the minimum age. It is also estimated that over balf the people in Runcorn leave tha borough to work.

It is becoming almost impossible to find jobs for school leavers and there is a hard core, which is being added to, which has never worked. This has led, inevitably, to some problems on certain council housing estates and at one time one in particular had almost reached the stage of becoming a police no-go area.

In a first bid to combat the unemployment problem the council has prepared an industrial site and is building eight small factories on it as a speculative venture. In addition, two larger factories are to be built by the English Industrial Estates Corporation and let by them on adjoining land sold by Halton.

To finance this venture the council has had to sell a further 31 acres of housing land, which brought in abont £600,000. Also it managed to raise a 100 per cent. grant of £100,000 from the Government for reclaiming tha derelict land and a further £33,000 from the EEC for the road and sewar works.

All very enterprising. And it has meant that some council money will ba available for the Widnes town centre development plan althongh Halton hopes that the county euthority will contribute to the £220,000 budget. If not, Halton is prepared to go it alone.

The main impetus has come from the town hall, which has had to learn quickly about the makings of an internationa] money package. Bnt there has also been considerabla political will with an Industrial liaison committee attracting prominent local councillors. Industry has been less committed and inclined to the fire committee as a forum for complaints against existing council services, which have to be dealt with by the third constituent group, members of the permanent local authority staff.

The borough has been in the forefront in making industrial regeneration a priority, compared to its often more rural colleagues within tha county authority, and has argued that its needs are comparatively greater than the other seven districts.

Makeshift

Through the job creation scheme it has created for a year the post of industrial development officer who has been given four assistants through the work experience scheme set up to give youth a taste of commercial life.

With this makeshift army and a very small budget Halton has taken on all, including the Runcorn New Town Development Anthority on its own doorstep. In return for a commitment of no redundancies among town hall staff, increased flexibility has seen engineers putting together parcels of land and chief officers have encouraged greater inter-departmental liaison.

In addition to the St. Michael's Road factory development the main planks of the strategy have been encouraging indigenous industry to expand and invest and the creation of an encouraging atmosphere.

Whereas, for many local authorities the main asset is land, when supply exceeds demand to the extent[illegible] does in Halton then [illegible] become an embarrassm[illegible] than 400 acres are [illegible] designated as derelict [illegible] borough and local offic[illegible] there are over 800 [illegible] without the official titl[illegible] Most of it is in priva[illegible] or nationalised indust[illegible] British Rail. It has led [illegible] areas covered in chemi[illegible] and gradually abandon[illegible] the case of some BR la[illegible] colonisation by scra[illegible] dealers, for whom Wid[illegible] regional centre.

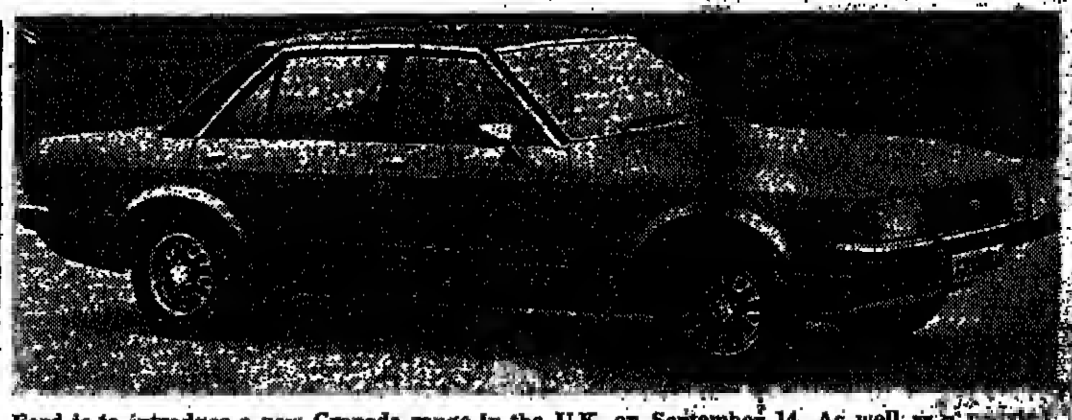
The task of making [illegible] place fit to invest in [illegible] fore made doubly diff[illegible] conflicts abound. First [illegible] the wish to be free [illegible] central and county con[illegible] to retain more power [illegible] locally-raised revenue [illegible] most pressing local nee[illegible]

Conflict

Second, there is the [illegible] in time scale betwe[illegible] urgency of providing job[illegible] the area is not to becor[illegible] apathetic and run down [illegible] the same time kee[illegible] balanced view of total [illegible] ment over a 20-year-peri[illegible]

Third, is the short[illegible] finance. Halton is still [illegible] committed to a maj[illegible] gramme of house improv[illegible] slum clearance and nev[illegible] ing.

In the meantime, the [illegible] the wit will continue to [illegible] cised, accompanied by so[illegible] old-fashioned prayers fo[illegible] saving upturn in the ec[illegible]



Ford is to introduce a uew Granada range in the U.K. on September 14. As well as a [illegible] body there will be a choice of two new German-developed Vee-six engines, one of 2.3 litres, the other 2.8. There will also be a diesel version. Prices will range from £4,144 to nearly £7,000 for the Ghia 2.8 with fuel injection.

Flights still in doubt as go-slow resumes

Financial Times Reporter

THE RESUMPTION by air traffic control assistants of their go-slow at midnight last night brings further uncertainty for travellers using Britain's airports this week.

British Airways was unable to predict yesterday precisley what effects the ending of strike action and resumption of the go-slow would have, but between 35 and 40 per cent. of tha airline's uormal weekday programme of flights from Heathrow to-day will be cancelled.

The airline's operations will follow the pattern set yesterday wheu a total of 49 flights were cancelled: 42 short-haul and seven loug-haul.

Over tha four-day boliday period there have been far fewer complications than were originally expected. All the airlines have been working to revised schedules and at Heathrow there has been a 40 per cent. reduction in air traffic.

The major delays have hit holidaymakers travelling in and out of Britain by charter flight, and their journeys have beeu further complicated by industrial action taken by French and Spanish air traffic coutrollers.

The striking air traffic control assistants, who are seeking implementation of pay rises first agreed in 1975, have made cootact with their French and Spanish colleagues with a view to co-ordinating their activities.

The main delays appear to have hit travellers returning from Spanish airports to Gatwick and Manchester, and several flights were stranded overnight at foreign airports.

British Caladonian expected to have caught up by last night with the backlog of boliday flights, but has suffered several delays by having aircraft detained at tha wrong airports.

Similarly, it has faced uncertaioty about the size of aircraft to use on some scheduled services because of the number of cancelled bookings. Many people have not turned up for flights but failed to cancel their reservations, tying up larger aircraft which could have been used on other flights.

Fees increase planned for directors

THE INSTITUTE of Directors is planning to raise its membership subscription from £30 to £35 a year iu December to coincide with its move into new premises in London's Pall Mall.

This means that the subscriptiou wlll have increased sevenfold siuce 1974, when it was put up from 5 gns. to £8. In an attempt to reverse serious financial losses, it was further increased to £30 in 1975, and membership slumped by 25 per ceut. to 30,000 as a result.

Now there bas been an improvement in the membership position and last year the Institute achieved a surplus of £120,000, compared with losses of £250,000 in 1975 and £129,000 in 1974.

Tha Institute's new premises, formerly occupied by the old Uuited Services Club, have been obtained ou a 65-year lease from the Crown Estate Commissioners.

The move from the Institute's present Belgrave Square headquarters will save £50,000 a year. But to meet an outlay of £500,000 on re-equipping the new premises, it bas been decided that the subscription must be raised.

Labour executive to back State bank plan at party conference

BY JOHN LLOYD, INDUSTRIAL STAFF

THE National Executive Committee of the Labour Party will recommend the formation of a State Bank at the Labour Party conference in early October.

It is thought that the recommendation will be for the Bank to be formed from a merger of the National Savings Bank and the Post Office Giro.

Proposals to includa the Paymaster General's offica, the Save As You Earn scheme and Premium Bonds are unlikely to be contained in the recommendation.

The Civil and Public Services Association, which represents the hulk of workars employed by Giro and the NSB, is keen for the State Bank to include as many of State-run financial institutions as possible.

Other unions—the Union of Post Office Workers, the Post Office Engineering Union and the Society of Civil and Public Servants—are generally in favour of the Paymastar General's office being taken into tha bank.

However, Mr. Denzil Davies, the Minister of State at the Treasury responsible for the NSB and the Paymaster General's office, argued strongly against its inclusion in evidence to a Labour Party NEC committee which is to draw up the recommandation on the Bank for conference.

He said that the Paymaster General's office is an interest-free lender to government over short periods. A State Bank could not fulfil that function.

The question of which ageucy should control the Bank remains an unresolved one. At the moment the unions—which have a major say in the proposals at this stage—are divided, apparently irreconcilably.

The Union of Post Office Workers believes the Bank should operate under the umbrella of the Post Office, but the Post Office Engineering Union and the Civil Service unions prefer a system which would make the Bank more or less autonomous.

Turnover

The approach of tha CPSA is the most radical. It wants to see Post Offica counters run by staff who will be employad by the Bank, but also handle stamps and parcels.

At preseut, 44 per cent. in value terms of turnover at the counters was accounted for by NSB and Giro transactions. A further 48 per cent. was taken up by monay transactions which tha Post Office performed for the Government on an agency basis, such as the payment of pensions.

Only 8 per ceut. of turnover by value could be attributed to Post Office business such as stamps, postal ordars and parcels.

The CPSA recognises, however, that its recommendations tend to carry less weight in the Labour Party than those of the UPW which, unlike the CPSA, is affiliatad to the party.

The issue of a State Bank arose from a resolution at last year's Labour Party conference approving the idea in principle. The conference also approved in principle the nationalisation of the four main clearing banks and the big insurance companies.

The Prime Minister, who dislikes plans for wholesale bank nationalisation, is understood to be promoting the State Bank idea as an alternative. He is supported in this by those unions with members in the banks and insurance companies.

He has asked the Treasury to study the feasibility of a State Bank. Its report is expacted some time next month.

At present, about 50 per ceut. of adults in the U.K. bas a bank account. A further 10 per cent. uses Giro and the National Savings Bank. The clearing banks calculate that 20 per ceut. of the adult population is "unbankable," leaving 20 per cent. —believed to be largely the less affluent workers—as the State Bank's target market.

Public against nationalisation

FINANCIAL TIMES REPORTER

THE MAJORITY of the public is strongly opposed to proposals to nationalise the banks and are coucerned about the possible effects, according to two opinion surveys commissioned by the Committee of Loudon Clearing Banks.

Tha opiniou polls were carried out by Market and Opinion Research International (MORI) and Gallup in mid-July and mid-August following the main part of the banks' joint advertising campaign against nationalisation.

Nearly three-quarters of those questioned by the MORI survey said they felt the banks should not be nationalised while, for comparison, about half the sample said they thought the railways, the postal services and gas should not be nationalised. Men were slightly more inclined than womeu to favour bank nationalisation.

Several of the questions sought opinions on what the public thinks would happen after nationalisation—about two-thirds of the sample believed that customers would not get better service than they do now and that charges would go up.

Stop wreckers—Mrs. Thatcher

BY RICHARD EVANS, LOBBY EDITOR

A DEMAND by Mrs. Thatcher, Conservative leadar, for heavy penalties against violent hooliganism at street marches and for effactive action against the "wreckers" of society will receive widespread and enthusiastic backing inside the Tory Party.

"I hope the courts will be very severe indeed because if you cannot get at it by self-disciplina then you have to get at it by deterrents," she declared in a Tyne-Tees television programme, Face the Press, shown on Sunday.

In a more controversial passage the Conservative leader said she regarded as "Left" all those who "use force to get their own way and who want to destroy our way of life."

The only sense in which she regardad Fascists and Communists as Left and Right was that "Communism is the left foot of Socialism and Fascism its right foot, using Socialism in the sense that it is total regimentation and control by the state."

The remark is certain to cause deap resentment among Labour MPs and party supporters.

Mrs. Thatcher also contended that most people would agree with her that the rule of law must be upheld. "People, in the end, must accept that self-government, which is what democracy is, is only for people who bave learned a certain amount of self-discipline."

The Tory leader argued that the Governmant bad got itself into a contradictory position over its pay guidelines but she was not too pessimistic about the prospects of a possible wages explosion.

In her view it was illogical to return to free collective bargaining and then tell the unions they could not have more than a certain per cent. increase.

Candidat[illegible] resignatio[illegible] is blow to Labou[illegible]

By Ray Perman, Scottish Correspondent

THE LABOUR Party rece[illegible] blow to its hopes of hold[illegible] the Nationalists in S[illegible] yesterday when Mr. T[illegible] Fagan, aged 55, the Parl[illegible] tary candidate for Dundee[illegible] resigned after being fine[illegible] for gross indecency.

Tha constituency was h[illegible] Mr. Peter Doig for Lab[illegible] October, 1974. He has sin[illegible] that he will retire at the [illegible] general election. With a ma[illegible] of only 2,812 over the Sc[illegible] Nationalist Party the se[illegible] highly vulnerable.

Both constituencies in th[illegible] are now without Labour [illegible] dates. Mrs. Janey Buchan, [illegible] of Mr. Norman Buchan, M[illegible] West Renfrewshire, said a[illegible] week-end that she woul[illegible] resigning as candidate [illegible] Dundee East, which the SN[illegible] from Labour in 1974. Buchan's reasons have n[illegible] been made public, but s[illegible] believed to be unhappy wi[illegible] [illegible]ur of the local par[illegible] [illegible]nce the last general ele[illegible] [illegible] Dundee Labour Part[illegible] torn by internal bick[illegible]

Callaghan ready for Scottish tour

By Richard Evans

THE PRIME MINISTER [illegible] the Bank Holiday week-e[illegible] his Sussex farm preparin[illegible] his six-day visit to Sco[illegible] which starts to-morrow. [illegible] visit is regarded as be[illegible] major political importan[illegible]

Mr. Callaghan will face [illegible] spread criticism from the [illegible] Party and trade unions in [illegible] land because of tha ri[illegible] unemployment to record [illegible] There will be considerable [illegible] sure for early reflation.

The prevailing view at [illegible] minster is, however, tha[illegible] Government will do n[illegible] jeopardise the battle ag[illegible] inflation by introducing [illegible] economic measures before [illegible] spring.

Mr. Callaghan will reh[illegible] his major speech to the TU[illegible] Blackpool on September [illegible] public meetings, and in [illegible] with the Scottish TUC and [illegible] executive council of the La[illegible] Party in Scotland. He [illegible] appeal for continued [illegible] restraint as the only mean[illegible] achieving lasting prosperity

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Building and Civil Engineering

Busy month for Wimpey

SINCE this page last appeared (August 1), Wimpey has announced contracts totalling about £16m.

The latest awards inclnde three from the City of Salford totalling nearly £5m. for the construction of 533 dwellings.

The dwellings in traditional construction will be on three sites at Alblon Stadium, Charlestown and Oldfield Road, Salford.

In Scotland Wimpey has been awarded a contract valued at just over £1m. for the re-alignment of part of the A71. Work hae etarted and is due for completion in two years time.

From the Cardiff office Wimpey has announced a £1.2m. contract for the construction of 132 dwellings at Dinas Powis in Mid-Glamorgan from the United Kingdom Housing Association.

Meanwhile, among the contracts awarded over the past three weeks was one worth £7¼m. for the erection of a research and development centre at Wantage, Berks, for Metal Box.

This contract calls for single-storey building with part semi-basement containing boiler house and storage areas. Also included are a pert two/three-storey offire and laboratory block, a single-storey cinema/lacture hall and six single storey ancillary buildings.

Work has begun and is due for completion in June 1979. Structural consultant engineer is John F. S. Pryke and Partnera and quantity surveyors are Wakeman Trower and Partners.

Another contract from J. Sainsbury and worth £1.4m. was for the construction of a supermarket, et Worle, Weston-super-Mare.

Apart from the 3,305 square metre supermarket there will be shops for sub-letting and these will add a further 1,970 square metres. Also included in the project is a petrol station and car parking facilities. Work bas heen started and completion is dua in September next year.

Awards to Norwest Holst

CONTRACTS totalling well over £3m. have been won by Holst (Scotland) a subsidiary of Norwest Holst.

Two of the joba are for the British Steel Corporation at Ravenscraig Works, Motherwell, wbere the company, under a £2.1m. contract is constructing the reinforced concrete foundation for a continuous casting plant and ie also carrying out repairs costing £735,000 to cooling towers.

A third contract is being carried out for Constructors Jobn Brown at the S.A.I. fertiliser plant at Leith Docks. This is worth nearly £½m. and is for a 70-metres high prilling tower.

At Runcorn, Cheshire, Holst has been awarded a £1.8m. contract for work associated with a new plant at ICI Mond Division's Castner Kellner works, wbile for the Greater London Council it has a £570,000 job calling for an access road and weighbridge fecility at the Hendon refuse transfer station. Holst already has the contract for the construction of the station itself.

Other cootracts awarded to Norwest Holst Include a job centre at the Brunel Centre, Swindon, for the Property Services Agency (£132,000), reinstatement of roads and footpeths for the Midlands Electricity Board and pipework for the BP Sullom Voe oil terminal power station for Foster Wheeler (£117,000).

£3½m. job at Heathrow

COSTAIN Construction has been ewarded two contracts at London Heathrow Airport hy the British Airports Authority.

One, worth over £2.5m., covere phase 3 of the overall redevelopment of Terminal 2. Extensive alteretions will include the completion end complete refurbishment of the check-in area and concourse above, including removal of existing eteircases, escalators and haggage conveying equipment and provision of new facjlities.

This brings tha total value of work swarded to Costain for the Terminal 2 project to over £6.75m.

Costein's other contract is worth almost £1m. and is for the construction of two gaterooms to Pier 6 on Terminal 3.

Bridge and roadworks

CONTRACTS valued at about £1.75m. for construction work essocieted with the British Steel Corporation's direct reduction plants at Hunterston have been secured by Balfour Beatty Construction (Scotland).

The company is constructing five bridges and carrying out roedworks reqnired for the rail link between the plents end the main line. The work ie heing carried out under the supervision of Crouch end Hogg of Glasgow.

Designing a railway in Nigeria

FERRONIGERIA, internetional joint venture in which Laing bas a 25 per cent interest, has won a hig contract from the Nigerian Railway Corporation for the survey, mapping and design of a 426 km standard gauge eection of the national railway system.

The contract (which is beliaved to he worth ahont £15m) was signed in Lagos with the Federal Minietry of Transport and is part of the projected up-grading of tha Nigerien rail system from narrow to standard geuge.

The section concerned runs from Port Hercourt to Makurdi and serves the towns of Aba, Umuahia, Enugu, Emene, Ogbaho and Oturkpo. Four branch lines ere included in the contract which alao Includes operationel and elignment studies, track design eod tbe design of all structures, statiens and buildiogs.

Other members of the Ferronigeria joint venture are Fougerolle SA. of France, Philipp Holzmann AG of Germany, and Impresa Astaldi Estero of Italy.

Back in London, Guinness has awarded e £2.6m. contract to Laing for an extension to its Park Royal hrewery. Work bas atarted end is dne for completion in early 1979.

The buildings involved heve been designed hy Jobn Laing Design Associates and will have atructurel steel frames on pile foundations with in situ reinforced concrete floors and plastic-coated profiled steel cledding. Quantity surveyors are Andraw Roberts and Partners.

In the City itself, Laing bas just started work on a £2m. operation to upgrade an office hlock for the Abbey Property Fund.

This job, at Staple Hall, Houndsditch, involvee stripping out of the offire and storage erees of the seven-floor block, minor demolition work and the construction of an edditional storey. Architect is Ellis Clarke and Gallennaugh.

Still in tha City, Laing will start work next month on rehuilding the former premises of Barclays Bank International on the corner of Lombard Street and Gracechurch Street. The contract is valued at £9m.

Designed hy London architects Wilson Mason and Partners, tbe building will have a gross floor area of ehout 160,000 square feet on hasement, ground end five upper floors.

Tbe front of the 19th-century building at 39-40 Lombard Street, which turns into Gracechurch Street, is being retained. Another *structure, called the* Ruskinian Building, built over Lombard Conrt, is also heing retained and converted into eccommodation for overnight stay. Other features inclnde elght passenger lifts and, in the basement, e squash court and coffee lounge. A service yard, entered from Gracechnrch Street, will have e turotahla for goods vehicles.

Consulting engineers are (structural) A. C. Ross end Partners; (mechanical/electrical) Sir Frederick Snow and Partners and the quantity surveyors are Langdoo end Every.

Putting in the services

Howfield Engineering has won contracts lo the velue of over £770,000 for works moetly in London.

Included ie a contract valued at £394,640 for providing electrical llghting and power, heating and ventilating aervices at a new factory to be built by Miller Buckley Investments for Landis and Gyr at Chase Road, Acton, London. Architects for this project ere Michael Aukett Associates and consulting engineers are Integrated Professionel Services.

Plumbing and domestic services worth £142,380 ere to he installed in a residential development in Falrhridge Road N19 for the London Borough of Islington for Scott Hale (Contractors) while in Guild Roed, Charlton, London SE7, mechanical and electrical services costing £106,000 are to be supplied for 42 bousing units, a project being carried out for the London Borough of Greenwich by Mansell (New Boildings).

Howfield is also a sub-contractor to Willment Brothers for sheet lead roofing works valued et £57,788 in Carnaby Street, London W1.

Automating the plans

WORK ON vast projects overseas, particlenlarly on major port and harbour installations, by Sir William Halcrow and Partners, will be eided in tbe future through the recent installation of a suite of eutomated information handling aod plan drawiog programs from Applied Researcb of Cambridge.

Oxsys by ARC has, in this instance, been tallored to provide a database of design details, outline design and initial costing, automatic plan or elevation drafting and automatic production of quantity information.

Its evailability, on the firm's own Prime 300 computer will meao a considerable time saviog in the drawing office as well es for the staff preparing important guidance documents for clients at home end abroad.

Oxsys was developed originally to handle the complex task of hospital building and is proving useful lo coplng with the intricate planning required for ports.

Further details of this suite of construction programs from ARC on 0223 65015.

More room to research

A START haa been made on a 31,600 aquere foot extension lo the pilot plant at the technical centre of lbe International Wool Secretariat in llkley, Yorks.

The extension has been designed by Richard Collick Associates of Harrogate, with White Young end Pertners of Leeds acting as consulting structural engineers and Davis Belfield and Everest, as quantity surveyors. The main £385,645 contract bas been ewarded to Miles Construction (Leeds).

Steel plant alterations

WHITE, YOUNG and partners, and Pritchard Williams and Hunt, bave been retained as consulting engineers and quantity surveyors respectively by British Steel Corporation in connection with the civil and structural engineering aspects of the Sbelton Works electric arc furnace scheme.

Considerable modifications are to be made to the existing steel meking building as well as provision of engineering workshop facilities and development of the works infrastructure.

Building factories

CONTRACTS TOTALLING nearly £1m. have been awarded to FPA Finnegan. They include the construction of three factories, a warehouse with office accommodation, a lncal authority house revitalisation scheme, and internal and external factory extensions.

Largest of the contracts worth over £200,000 is for factory premises for Peterborough *Development* Corporation. The nther factories are to be built at Dewsbury and Sheepbridge.

IN BRIEF

● Bos Kalis Westminster Group bae launched a new cutter suction dredger, the "Gironde," from the Ven Rees BV shipyerd at Slledrechl, Holland.

● J. A. Elliott of Bishop's Stortford, Herts., have been awarded contracts worth more than £2m. They loclude a £1.2m. project for the Poor Sieters of Nazareth to provide old peoples' accommodation in Fiochley, Northb London.

● Aberdeen Construction Group subsidlary, Alexander Hell and Son (Bnilders) has been awarded a £304,032 contract for 35 houses at Anchinyell/Kaimhill, Aberdeen.

● A contract worth £1.2m. for a 110m. gallon reservoir at the Pipri, Karachl plant of Pakistan, Steel Mills has been awarded to Biwater of Dorking, Surrey.

● Rattee and Kett (Mowlem Group) has won e £¼m. contract from the Scottish Provident Institutioo for new offices lp Cambridge.

● Among several London aree contracts awarded to Tarmec is a food production unit for Trust House Forte in Southwark (£590,000), a control room for Thames Water Authority (£264,000) and an office hlock for Cheshunt Building Society at Waltham, Herts.

● Costain Civil Engineering has heen awarded e £1½m. contract to surface the main ruowey at Benbecula Airport, Outer Hebrides, for tbe Property Services Agency.

● A £235,580 contracl has been awarded by the Home Office to Drake and Scull Engineering for ventilating, air conditioning and hot and cold waler services in the new South West Forensic Science Lahoratory at Chepstow.

● C. R. Stuart Construction is to build a catering unit, offices and warehouses at Aberdeen Airport at a cost of £124,000 for Scottish Express end Scottish International Caterers.

£1½m. worth to Hantscon

CONTRACTS totalllng £1½m. for work in Surrey end London has been won by Hantscon.

The largesl is at Frimley where, off Lyon Way, a warebouse and office complex is to he huilt for Marlhorongh Property Holdings. When finished in the spring of next year it will he occupled hy Toshiha (U.K.).

At Camberley, tbe company is to construct 48 flats at Dews Mere Close. This ½m. contract was awarded hy the Moat Housing Society in conjunction with the Housing Corporation.

A third contract, at Upper Richmond Road, Wandsworth, London, is for 25 houses for the horough council. Work has just hegun on this £354,000 job.

Designed to house light industries

SMALL BUILDINGS for light industrial use which can be made up from pre-fehricated components ere to he marketed by Oldroyd Brothers of Halton Ststion Road, Sutton Weaver, near Runcorn, Cheshire. Production of the components is to start in September.

The company is offering a steel frame, plastic coated roof penels, translucent roof lights and plastic rainwater fittings. Wall panels will he obtainable hut in general purchasers would supply these themselvee in whatever form they desire.

The Pyradome aystem, as it is celled, will he available in 10-metre modules which may he used iodividually or llnked to form large strucIures.

Steel roof members will he galvanised end the rainwater downpipes encased within the building columns to prevent eccidental damege. It is claimed that e single module could be erecled in less than a dey.

More work for Taylor Woodrow

TAYLOR Woodrow Constructioo (Northero) has recelved e £500,000 extension to lta contract with the Northumbrien Water Authority et Westwood sewage treatment works neer Consett, Co. Durhem. The original contract, valued el £1,325,000, was for an administration building, pumping stations, percolating filers, settlement tanks and ancillary works.

The new contract includes construction of site roads and landscaping the whole site. Taylor Woodrow has also rereived a contract, worth £243,000, from the Central Electricity Generating Board for the construction of roads, drainage, and site preparation for the Board's new 275/132kV Saltholme Sub-Station near Cowpen Bewly, Billingham, Cleveland.

CONTRACTS AND TENDERS

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	British Genius Exhibition (cl. Oct. 30)	Battersea Park, S.W.11
Current	Silver Jubilee Exhibition (cl. Sept. 4)	Hyde Park, W.1
Current	Motor Cycle Exhibition (cl. Sept. 3)	Earls Court
Sept. 4—7	International Fashion Fair	Nat. Exhn. Centre, B'ham.
Sept. 4—8	International Watch and Jewellery Trade Fair	Wembley Conf. Centre
Sept. 6—9	International Carpet Fair	Harrogate
Sept. 8—18	The Energy Show	Olympia
Sept. 12—15	Southern Floorcovering Exhibition	Metropole Centre, Brighton
Sept. 12—18	International Audio Festival and Fair	Olympia
Sept. 13—15	Control & Instrumentation Exhn.	West Centre Hotel, S.W.6
Sept. 13—16	Offshore Europe '77 Exhn. and Conf.	Aberdeen
Sept. 13—23	Chelsea Antiques Fair	Town Hall
Sept. 14—18	Int. Hardware Trades Fair	Belle Vue, Manchester
Sept. 15—18	Autumn High Fidelity Show	Cunard Int. Hotel, W.6
Sept. 15—23	International Plastics Exhibition	Nat. Exhn. Centre, B'ham.
Sept. 20—23	British Premiums Show	Wembley Conf. Centre
Sept. 20—23	Int. Filtration and Separation Exhn.	Olympia
Sept. 20—23	Dust Control and Air Cleaning Exhn.	Olympia
Sept. 25—26	Pet Products Marketing Exhibition	West Centre Hotel, S.W.6
Sept. 25—28	London Int. Young Fashion Fair	Earls Court
Sept. 26—30	Fire Protection and Control Exhn.	Metropole Centre, Brighton

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Radio and TV Exhibition (cl. Sept. 4)	Berlin
Current	International Fair (cl. Aug. 31)	Frankfurt
Current	Packaging & Food Processing Exhn. (cl. Sept. 2)	Johannesburg
Sept. 4—18	Thessalonika International Fair	Thessalonika
Sept. 6—10	Industrial Electronics & Electrical Eng. Exhn.	Basle
Sept. 7—11	International Autumn Fair	Vienna
Sept. 7—13	International Furniture Fair	Utrecht
Sept. 8—12	Household Goods, Glassware, Hardware & Tools Ex.	Milan
Sept. 8—12	International Leather Week	Paris
Sept. 9—18	International Autumn Fair	Zagreb
Sept. 10—13	European Men's Wear Exhibition	Paris
Sept. 10—25	National Fair	Lausanne
Sept. 12—16	International Footwear Fair	Elda (Spain)
Sept. 15—18	Int. Children's Clothing Exhn.	Valencia
Sept. 15—25	International Motor Show	Frankfurt
Sept. 17—23	International Maritime Exhn.	Genoa
Sept. 22—30	Int. Office Equipment Exhibition	Paris
Sept. 24—26	Int. Footwear Trade Fair	Dusseldorf
Sept. 24—29	Italian Furniture Fair	Milan

BUSINESS AND MANAGEMENT CONFERENCES

Sept. 6	Association of Certified Accountants: The Finance Act 1977	Café Royal, W.1
Sept. 6—7	Financial Times, Money Management; Pensions for 1978	Royal Lancaster Hotel, W.2
Sept. 6—8	Urwick: Management of Finance in Construction	Slough
Sept. 7—9	Institute of Marketing: Effective Business Presentations	Moor Hall, Cookham
Sept. 8—9	Financial Times, Korea Traders Association: Korea and the International Business Community	Seoul
Sept. 12—13	Financial Times, Automotive News: European Motor Conference	Frankfurt
Sept. 13	Johnson Group: National Policy and Pay Restructuring	Dorchester Hotel, W.1
Sept. 14	Henley Centre: 2002—Britain a Generation Ahead	Carlton Tower Hotel, S.W.1
Sept. 15	Confederation of British Industry: Argentina	21, Tothill Street, S.W.1
Sept. 15—16	AMR International: International Treasury Management	Royal Garden Hotel, W.8
Sept. 16	Cyril Aydon Associates: Current Cost Accounting for Company Directors	Stratford on Avon
Sept. 20	Building Advisory Service: Safe Working with Asbestos	18, Mansfield Street, W.1
Sept. 29—30	BACIE: Effective Presentation	16, Park Crescent, W.1

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on August 26, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place	Local Unit	Value of £ Sterling
Afars & Issas	Djibouti Franc	♥
Afghanistan	Afghani	80(A)
Albania	Lek	(O)10.15(A); (T) n.a.
Algeria	Dinar	7.15(sg)
Andorra	French Franc	8.54½
	Spanish peseta	147.225
Angola	Kwanza	n.
Antigua (S)	E. Caribbean $	4.7054
Argentina	Ar. Peso Free Rate	750.14
Australia (S)	Australian $	1.5715
Austria	Schilling	28.65
Azores	Portug. Escudo	67.475
Bahamas (S)	Ba. Dollar	1.7420
Bangladesh (S)	Taka	26.5(sg)
Bahrain (S)	Dinar	0.55
Balearic Is.	Spa. Peseta	147.225
Barbados (S)	Barbados $	3.4840
Belgium	B. Franc	(cmt) 62.60; (fn) 62.15
Belize	B $	3.4840
Benin	C.F.A. Franc	427¼
Bermuda (S)	Bda. $	1.7420
Bhutan	Indian Rupee	15.15(sg)
Bolivia	Bolivian Peso	34.840
Botswana (S)	Pula	1.4427
Brazil	Cruzeiro	25.74
Br. Virgin Is (S)	U.S. $	1.7420
Brunei (S)	Brunei $	4.270
Bulgaria	Lev	1.0177
Burma	Kyat	12.55
Burundi	Burundi Franc	166.55
Cameroon Rp	C.F.A. Franc	427¼
Canada	Canadian $	1.8755
Canary Is.	Spanish Peseta	147.225
Cape Verde I.	Cape V Escudo	67.475
Cayman Is. (S)	Cay. I. $	1.45187
Cent. Af. Rp.	C.F.A. Franc	427¼
Chad	C.F.A. Franc	427¼
Chile	C. Peso	(Bk) 40.58
China	Renminbi Yuan	3.1582
Colombia	C. Peso	(F) 64.12
Comoros I'ds.	C.F.A. Franc	427¼
Congo (B'ville)	C.F.A. Franc	427¼
Costa Rica	Colon	14.9810
Cuba	Cuban Peso	1.3557
Cyprus (S)	Cyprus £	0.7157
Czechoslovak.	Koruna	(com) 9.70; (n.c.) 16.70; (T) 15.35
Denmark	Danish Krone	10.49¼
Djibouti	Fr.	300 (sg)
Dominica (S)	E. Caribbean $	4.7054
Domin. Rep.	Dominican Peso	1.7420
Ecuador	Sucre	(O) 43.55; (F) 47.04
Egypt	Egyptian £	(O) 0.6795; (T) 1.2175
Ethiopia	Ethiopian Birr	(P) 3.610
Eq'tl Guinea	Peseta	147.220
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.49¼
Fiji Is. (S)	Fiji $	1.58355
Finland	Markka	7.04
France	French Franc	8.54½
Fr. C'tyin Af.	C.F.A. Franc	427¼
Fr. Guiana	Local Franc	8.54½
Fr. Pac. Is.	C.F.P. Franc	155.50
Gabon	C.F.A. Franc	427¼
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	4.05¼

Place	Local Unit	Value of £ Sterling
Germany (West)	Deutschmark	4.05¼
Ghana (S)	Cedi	[illegible]
Gibraltar (K)	Gibraltar £	1.0
Gilbert Is.	Aust. Dollar	1.5710
Greece	Drachma	63.077
Greenland	Danish Kroner	10.49¼
Grenada (S)	E. Caribbean $	4.7054
Guadaloupe	Local Franc	8.54½
Guam	U.S. $	1.7420
Guatemala	Quetzal	1.7420
Guinea Rep.	Syli	36.1483
Guinea Bissau		
Guyana (S)	Guyanese $	4.4421
Haiti	Gourde	8.710
Honduras Rep	Lempira	3.50
Hong Kong (S)	H.K. $	[illegible]
Hungary	Forint	(com) 70.86; (n.c.)(T) 34.35
Iceland (S)	I. Krona	344.85
India (S)	Ind. Rupee	15.15(sg)
Indonesia	Rupiah	722.85
Iran	Rial	(A) [illegible]
Iraq	Iraq Dinar	0.51382
Irish Rep (k)	Irish £	1.0
Israel	Israel £	17.0050
Italy	Lira	1,538½
Ivory Coast	C.F.A. Franc	427¼
Jamaica (S)	Jamaica Dollar	2.1775
Japan	Yen	466
Jordan (S)	Jordan Dinar	[illegible] (sg)
Kampuchea	Riel	2090.40
Kenya (S)	Kenya Shilling	14.395
Korea (Nth)	Won	3.5(sg)
Korea (Sth)	Won	845.15
Kuwait (S)	Kuwait Dinar	0.498
Laos	Kip Pot Pol	340.40
Lebanon	Lebanese £	5.455
Lesotho	S. African Rand	1.515258
Liberia	Liberian $	1.7420
Libya	Libyan Dinar	0.5157
Liechtenstein	Swiss Franc	4.14½
Luxembourg	Lux Franc	62.05
Macao	Pataca	8.7159
Madeira	Portug'se Escudo	67.475
Malagasy Rp.	MG Franc	427¼
Malawi (S)	Kwacha	1.581
Malaysia (S)	Ringgit	4.302
Maldive Is. (S)	Mal Rupee	[illegible]
Mali Rp.	Mali Franc	854.5
Malta (S)	Maltese £	0.7545
Martinique	Local Franc	8.54½
Mauritania	Ouguiya ♣	85.5815
Mauritius (S)	M. Rupee	11.684
Mexico	Mexican Peso	38.57
Miquelon	C.F.A. Franc	427¼
Monaco	French Franc	8.54½
Mongolia	Tugrik	(O) [illegible] (sg)
Montserrat	E. Caribbean $	4.7054
Morocco	Dirham	7.81 (sg)
Mozambique	Moz. Escudo	57.506
Nauru Is.	Aust. Dollar	1.5715
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	4.23¾
Neth. Ant'les	Antillian Guild	3.11815
New Hebrides	Franc	158.101
	Austl. Dollar	1.5715
N. Zealand (S)	N.Z. Dollar	1.7549
Nicaragua	Cordoba	12.24
Niger Rp.	C.F.A. Franc	427¼
Nigeria (S)	Naira	1.14867(sg)
Norway	Nrwg. Krone	9.22¾
Oman Sultanate (S)	Rial Omani	0.598
Pakistan	Pkst. Rupee	15.95 (sg)
Panama	Balboa	1.7420
Papua N.G. (S)	Kina	1.3728

Place	Local Unit	Value of £ Sterling
Paraguay	Guarani	217.48
P'ple's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.5943
Peru	Sol	(sc) A 140.93
Philippines	Ph. Peso	12.880
Pitcairn Is. (S)	£ sterling	—
	New Zealand $	1.7549
Poland	Zloty	(Cm) 57.5; (T) [illegible]
Portugal	Pgse Escudo	67.470
Port Timor	Timor Escudo	n.a.
Principe Isle.		n.a.
Puerto Rico	U.S. $	1.7420
Qatar (S)	Qatar Ryal	6.95
Reunion, Ile de la	French Franc	8.54½
Rhodesia	Rhodesian $	1.0748
Romania	Leu	(cm) [illegible]; (n.c.)(T) 8.50
Rwanda	Rwanda Franc	161.420
St. Christopher (S)	E. Caribbean $	4.7054
St. Helena	St Helena £	1.0
St. Lucia (S)	E. Caribbean $	4.7054
St Pierre	C.F.A. Franc	427¼
St. Vincent (S)	E. Caribbean $	4.7054
Salvador El	Colon	4.35
Samoa (Am.)	U.S. $	1.7420
San Marino	Italian Lire	1,538½
Sao Tome	Pgse. Escudo	67.470
Saudi Arabia	Ryal	6.12
Senegal	C.F.A. Franc	4.74
Seychelles	S. Rupee	13.65
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.270
Solomon Is (S)	Australian $	1.5715
Somali Rep.	Som Shilling	[illegible]
Sth. Africa (S)	Rand	1.515258
S.W. Africa Territories (S)	S. A. Rand	1.515258
Spain	Peseta	147.225
Span. Ports in North Africa	Peseta	147.225
Sri Lanka (S)	S. L. Rupee	[illegible]
Sudan Rp.	Sudan £	[illegible] (sg)
Surinam	S. Guilder	3.11810
Swaziland (S)	Lilangeni	1.515258
Sweden	S. Krona	7.67¼
Switzerland	Swiss Franc	4.14½
Syria	Syria £	(A) 6.874
Taiwan	New Taiwan $	(P) 66.196
Tanzania (S)	Tan. Shilling	14.39
Thailand	Baht	35.933
Togo Rp.	C.F.A. Franc	427¼
Tonga Is. (S)	Pa'anga	[illegible]
Trinidad (S)	Trin. & Tobago	4.1805
Tunisia	Tunisian Dinar	0.728 (sg)
Turkey	Turkish Lira	[illegible]
Turks & C's	U.S. $	1.7420
Tuvalu	Australian $	1.5715
Uganda (S)	Ug. Shilling	14.15 (sg)
Utd. States	U.S. Dollar	1.7420
Uruguay	Uruguay Peso	(cm) [illegible]; (fn) [illegible]
Utd. A'b Emts.	U.A.E. Dirham	6.78
U.S.S.R.	Rouble	1.25
Upper Volta	C.F.A. Franc	427¼
Vatican	Italian Lira	1,538½
Venezuela	Bolivar	7.46 (sg)
Vietnam (Nth)	Dong	(O) 4.4075; (T) 5.2145
Vietnam (Sth)	Piastre	3.7230
Virgin Is. U.S.	U.S. Dollar	1.7420
Western Samoa (S)	Samoan Tala	1.0895
Yemen	Ryal	7.95 (sg)
Yugoslavia	New Y Dinar	32.0251
Zaire Rp.	Zaire	1.41822
Zambia	Kwacha	1.380

♦ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
♦♦ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 cents per cent.
♣ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs5 to one unit of the new currency.
♥ Afars and Issas now Djibouti.
(e) General rates of oil and iron exports 7.3164.
(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles, the North Vietnamese dong at 0.308 roubles and the North Korean won at 0.7493 roubles. With the pound standing at 1.28 roubles the following relationships could be calculated for the pound: £=5.60 tugriks, £=4.12 dongs, £=1.687 won.
* Rate is the Transfer market (controlled).
** Rate is now based on 2 Barbados $ to the dollar.
‡ Now one official rate.
‡‡ Two-tier system introduced April 28. Rate is for exports, non-essential imports and tourism. Rate for essential imports 1.5678.

FT CONSUMER CONFIDENCE SURVEY

Many very sceptical on counter-inflation policies

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

A HIGH LEVEL of scepticism about the Government's counter-inflation policies is revealed to-day in a survey carried out for the Financial Times.

The survey of more than 1,000 adults interviewed at the beginning of August shows that almost two-fifths of them thought the 12-month limit on the frequency of pay rises would not succeed in reducing the rate of inflation.

A slightly larger proportion thought the policy would succeed while just under a fifth said they did not know.

But despite the number of people who doubted whether the agreement with the unions would succeed, consumer confidence as monitored by the Financial Times' monthly index, showed a marked turn for the better.

Against this, the present squeeze on earnings was demonstrated by responses to the two other questions asked each month in the FT's survey of consumer confidence.

The proportion of people saying they were worse off compared to a year ago again increased, while fewer people than at any time since December, 1975 thought it was a good time to buy consumer durables.

A little more optimism about the prospects for employment was also revealed in the survey, although those expecting unemployment to increase still outnumbered those expecting it to fall.

In August 36 per cent. of the sample thought unemployment would rise as against 40 per cent. in July, while the proportion of those expecting unemployment to fall had risen from 12 per cent. in July to 15 per cent. this month.

As well as being asked the normal questions this month, people were also asked whether they thought the Government's agreement with the unions to limit pay rises to one every 12 months would succeed in reducing the rate of inflation. Forty-four per cent. said they thought it would while 39 per cent. thought it would not.

In some categories, more people thought the policy was likely to fail than those who thought it would succeed. This was the case among respondents in the 15-to-34 age group and women from blue-collar families.

Men generally had more definite views on the question than women, with almost a quarter of women interviewed saying they did not know.

The rise in the figures for consumer confidence reversed the fall in July (the July research was carried out before the Chancellor's statement on pay) and takes the monthly index for all adults up to its highest point since May of last year.

The rise in the index was largely the result of a decrease in the number of people thinking conditions would worsen rather than a rise in the number thinking things would improve.

Out of the total sample, the optimists outweighed the pessimists by 6 per cent. This is the first time there has been a balance of optimists for more than a year but it still means that on a six-month moving average basis pessimists outnumber the optimists by 9 per cent. Even so, this is a big improvement on the beginning of the year.

Professional people were far more optimistic about the future than those in manual jobs. Among ABC1 men interviewed, there was a balance of 25 per cent. thinking conditions would improve—the highest figure since December, 1971.

The number of optimists among professional women from the same background, though lower, was the highest since April, 1973. The figures for manual workers also improved though there was still a small balance of pessimists among C2DE women.

Among the optimists one in five mentioned North Sea oil as a reason for believing things would get better. Among pessimists, the proportion citing fears of strikes had fallen since last month while the number blaming worries about unemployment had shown a small increase.

Fears of rising prices remained the biggest reason for pessimism.

The increase in the number of all adults feeling worse off compared to a year ago this month was entirely due to the replies from the men in manual jobs interviewed.

In August, the number of C2DE men who felt worse off outweighed those who felt better off by 39 per cent. This compares with 26 per cent. in July.

Among the women interviewed there was a slight decrease in the proportion saying they were worse off, possibly reflecting the falls in fresh food prices.

As a result of these feelings, the index for Past Prosperity for all adults showed a further small deterioration this month.

Out of the total sample those saying they felt worse off than a year ago outweighed those feeling better off by 35 per cent. in August as against 33 per cent. in July. The six-month moving average figure remained at 42 per cent.

Against this, the monthly figure for past prosperity for ABC1 men showed a small improvement with those feeling worse off outnumbering those who felt better off by 34 per cent. this month as against 36 per cent. in July.

However, the six-month moving average figure for professional men remained stable, reflecting the fact that ABC1 men are feeling worse off now than they were seven months ago despite the small improvement in August.

The "Time To Buy" Index showed a big fall with respondents in all the categories sampled saying they were less enthusiastic about the advisability of buying consumer durables now than they had been last month.

The proportion thinking that August was a good time to buy consumer durables outweighed those thinking it was not a good time by only 9 per cent. This is the lowest figure since December 1975.

Least enthusiastic about spending money were people in the north-east of England and Scotland, while ABC1 men remained the category most convinced of the merits of buying major items now.

The research was carried out for the Financial Times by BMRB between August 4 and 10 in interviews with 1,077 adults.

FT GROCERY PRICES INDEX

Fruit and vegetable prices still tumble, but meat rises

BY STUART ALEXANDER

THE CONTINUING fall in the price of fresh fruit and vegetables helped to bring the Financial Times Grocery Prices Index down for the second month running. A 2.02 points drop to 256.46 meant that the index was back to nearly the level of March this year.

Total rise in the Index for 1977 has been cut to 4.75 per cent. but year on year the index is still up 15.86 per cent. compared with August 1976.

Potatoes, onions, carrots and tomatoes were again all down in price. Potatoes were up to 5p a pound cheaper, onions 7p, carrots 10p and tomatoes 12p.

However, white cabbage and cooking apples are still in short supply and cauliflower is, if anything, going up in price.

The improved vegetable supply has also helped stabilise the frozen food sector, where scattered rises have been offset by a fall in the price of frozen chips as the effect of a good potato crop makes itself felt.

But the 12.8 per cent. drop in the fresh fruit and vegetable sector price was countered by the steady upward push in dairy produce, bread and cereals, and fresh meat.

Butter—except for special offers—was up, as were eggs, by in some cases up to 12p per dozen. Cheese, too, was generally more expensive as were some margarines.

With coffee prices now stable it was a net decrease in the price of a mixed tea constituent that accounted for the slight fall in the sector.

Meats were more confused and resumed their upward push after the slight decrease in July. Beef varied from between 35p per pound cheaper to 15p a pound more expensive.

Lamb varied between 20p per pound cheaper and 13p dearer with the price of a two-and-a-half pound leg varying between 16½p more and 9p less than a month ago.

In addition to small increases in bread prices there were similar rises in cereals and biscuits which led to a 1.84 per cent. rise in the month for this sector—an increase almost exactly mirrored in the canned goods section where rises in baked beans were mainly responsible.

Most other price changes were small and not always spread across the country. But non-foods, sauces and pickles had an underlying upward trend. There were consistent rises among paper products such as tissues and toilet rolls.

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FINANCIAL TIMES SHOPPING BASKET AUGUST 1977

	August £	July £
Dairy produce	138.76	135.87
Sugar, tea, coffee, soft drinks	86.58	86.98
Bread, flour, cereals	86.15	84.59
Preserves and dry groceries	28.51	28.82
Sauces and pickles	14.45	14.04
Canned goods	49.43	48.56
Frozen foods	41.13	41.04
Meat, bacon, etc. (fresh)	171.02	169.82
Fruit and vegetables	86.21	98.93
Non-foods	55.73	55.29
Total	757.97	763.94

INDEX: 256.46

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.26.
1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.36; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; Nov. 11: 114.8; Nov. 18: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; Dec. 9: 114.75; Dec. 16: 115.77.
1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; June 128.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 133.83; Nov. 135.83; Dec. 138.26.
1974: Jan. 141.41; Feb. 141.52; Mar. 142.66; April 8: 143.23; April 29: 142.64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 147.6; Oct. 150.5; Nov. 156.39; Dec. 159.15.
1975: Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.49; May 183.41; June 193.07; July 188.45; Aug. 189.23; Sept. 186.64; Oct. 189.79; Nov. 194.78; Dec. 201.90.
1976: Jan. 208.33; Feb. 211.81; Mar. 216.60; April 222.43; May 226.78; June 222.82; July 216.71; Aug. 221.34; Sept. 230.34; Oct. 237.28; Nov. 241.53; Dec. 244.82.
1977: Jan. 251.03; Feb. 253.96; March 256.27; April 258.92; May 263.34; June 266.58* July 258.48; Aug. 256.46.

Trevor Bailey EXAMINES THE CORNHILL OFFER

It pays to play cricket

AN AUSTRALIAN catalyst in the formidable shape of Mr. Kerry Packer has certainly shaken up the conservative, and at times rather smug, governing bodies of cricket.

The ease with which he acquired so many of the world's best cricketers by offering more money then they could expect from the game directly has forced the authorities to realise that the existing rewards in international cricket were insufficient.

The latest indirect outcome is the announcement that Cornhill Insurance is to sponsor cricket to the tune of £1m. over the next five years. In return for this welcome investment, the Tests in this country will be known as the Cornhill Insurance series.

One proviso guarantees that England players in future will be paid £1,000 per Test, a considerable increase on the present £210, which with prize money, rises to about £400.

This will not apply to overseas tours, when it is felt, rightly, that every member of the party should receive the same.

However, there is no doubt that the tour fees paid to our cricketers will be increased by considerably more than the TCCB originally envisaged and are likely to be in the region of £5,000, plus all expenses.

As a result of the Cornhill sponsorship, a regular member of our national XI can expect to earn around £15,000 per year from cricket, to which can be added several perks, any additional money from extra curricula activities and a tax-free benefit of some £30,000 after 10 years.

The sponsors and the TCCB have not yet decided how the remainder of the annual £200,000 will be used. But clearly the first-class and the minor counties will receive helpful sums, while the NCA, which is responsible for coaching and the welfare of youth cricket, will be given increased assistance.

Although it is a very large sum to be injected into the game, it will not amount to quite as much as Kerry Packer is paying the TCCB this summer for televising the current series, once the Test players have creamed off some £60,000.

The TCCB have been talking about finding a suitable sponsor for Test cricket for some considerable time.

But it has take a private individual, David Evans, less than a month to produce a satisfactory one, which would seem to suggest that the administrators have not been too worried about the financial position of their players, until Packer burst on to the scene this May.

LABOUR NEWS

Government is urged to restore £2bn. of public spending

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

A SENIOR trade union leader last night added his voice to the pressure for reflation of the economy.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union said the Government should restore between £1½bn. and £2bn., taken out of public expenditure, by lowering Value-Added Tax and embarking on a new job creation programme.

A cut in VAT was more effective than reducing income tax, Mr. Basnett said, because it acted faster, benefited the lower-paid and reduced wage-push by pegging prices.

Long-term

Job creation should be aimed at the 600,000 young unemployed. It should give long-term work—not be a stop-gap like present schemes—in order to prevent what he called "an enormous legacy of bitterness for our society over the decades to come."

Last week the National Institute for Economic and Social Research said the Government should repay Britain's outstanding debt with the International Monetary Fund and start to reflate to reverse the rise in unemployment during 1978.

Principal

Criticism of the Government for being overcautious and not using the room for expansion left by the IMF loan will be the principal theme at next week's annual TUC conference in Blackpool. Fifteen unions, including the GMWU, have submitted motions calling for measures to reduce unemployment.

Mr. Basnett said the public expenditure cuts had been "if anything, too successful."

"I shall be arguing at the TUC conference in Blackpool that the trade union movement should very strongly press the Government to change its economic strategy in this direction."

ASTMS bids to recruit non-TUC union members

BY OUR LABOUR CORRESPONDENT

MEMBERS OF a small non-TUC staff union in the chemical industry are urged to-day to quit and join the TUC-affiliated Association of Scientific, Technical and Managerial Staffs.

An ASTMS circular attacks its small rival, the Association of Professional Scientists and Technologists, as being a "tiny, elitist body with no future."

But last night, an APST spokesman said the circular was "full of inaccuracies." He denied that 800 APST members had left for the 400,000-member ASTMS in the past year.

"We have had no substantial resignations apart from the usual ebb and flow of membership. APST is growing and now has nearly 10,000 members. In fact, since the beginning of the year, we have had 50 to 60 ASTMS members join us," the spokesman added.

The circular says that two members of the APST governing Board, as well as an assistant secretary, had quit to join ASTMS. But APST replied that only one had left the governing Board after being thrown off his local committee at Ciba-Geigy, Trafford Park, Manchester. The assistant secretary had been asked to tender his resignation from APST on medical grounds.

APST said the circular appeared to be timed to help ASTMS's case for further representation within ICI. APST said it had had recognition for management and professional staff there for two years, and for 2,000 senior managers for two months.

Plessey men may return

Six hundred Plessey workers who have been staging a factory sit-in for the past five days will consider back-to-work proposals at a meeting this morning.

A spokesman for the workers at Plessey Hydraulics' Cheney Manor plant in Wilts., said to-day the proposals came from informal talks with the management over the week-end.

"There is a favourable chance of a return to work," he said.

Worker director success in Germany—report

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GERMANY'S SYSTEM of industrial democracy has not had an adverse impact either on management's ability to manage or on industry's ability to attract investment, according to a working party report published to-day by the Engineering Employers' Federation.

However the report, prepared after a group of Federation officials toured Germany earlier this year, points out that this situation stems from the German traditions and style of labour relations and could not be imported into another country.

"We did not find that co-determination had adversely affected investment, profitability, or the development of the enterprise," says the report. "But the unions challenge neither the making of profits nor the market economy and private ownership, although they are anxious to have a say in the distribution of profits.

"There has been little adverse impact on management, mainly because decisions continue to be implemented through a conventional management structure. The executive Board is not hindered in its decision-making by any opposing group or internal confrontation.

"On the other hand, while co-determination works well when a company is doing well, it is much less satisfactory in the contrary situation. It is, for example, difficult for employees to share responsibility in decision leading to redundancies or closure."

The Federation is one of the leading opponents of the Bullock report's worker-director proposals and says: "The success of co-determination in Germany results from there being a limited number of strong, reliable and responsible unions committed to industry's prosperity, legally binding agreements, labour court redress, and works councils.

"Against the sophistication of this system, the majority Bullock proposals for 'industrial democracy' in Britain are seen as a 'sadly theoretical, academic and inadequate analysis of a vast subject.'"

Co-determination in Germany. Engineering Employers' Federation, Broadway House, Tothill Street, London SW1. Free.

…el Donne discusses the benefits and disadvantages of buying a company aircraft

…not the chairman's toy—fly me

…the sale of …t in the U.K. has … difficult time in … years, there is …t improvement. …t is for a period …b in the coming … first six months …lone, nearly as … aircraft were …najor U.K. dis- …the whole of …

…ment in business … is as good a …ny of the under- … prevalent in in- … the export-based … particular. More …ever, it indicates … tough economic …ently pays hand- …s for companies … their own air- … more and more …e learning to …

…as this more …n the U.S. during … recession which …a oil crisis. … facturers—Beech. … Piper—enjoyed … situation which still prevails. For the business aircraft is not, and never has been, a "chairman's toy." It is becoming increasingly recognised as a capitally-intensive tool of management which, properly used, can revolutionise a company's entire philosophy, and frequently also its financial results.

"Business aviation" is the generic title given to the use of aircraft solely by companies in the course of their day-to-day activities. It is part of the much wider field of activity known as "general aviation"—that is, all forms of aviation outside the activities of the regularly-scheduled and passenger charter airlines. Thus, general aviation includes all club and leisure and sporting flying, together with the extensive air-taxi operations, as well as the ownership of aircraft by individuals and companies for their own use. The latter alone constitutes "business aviation" in the correct sense of the word, although it is also often taken to include the regular hire of air-taxis or aircraft by companies for specific purposes.

The overall "general aviation" market is expanding throughout Western Europe, and a recent report (Europe's General Aviation, by Frost and Sullivan) suggested that over the next decade, over £1bn. would be spent on it in the EEC countries, with the rate of spending accelerating in the late 1970s and early 1980s as economic activity improved. According to the report, the major share of this growth is expected to be in business aviation itself.

Big names

Figures prepared by the U.K.'s General Aviation Manufacturers' and Traders' Association show that at the end of 1976, the number of aircraft of all kinds on the British civil register was 4,870 (excluding gliders). Of these, the major airlines accounted for about 357, with by far the biggest single section covering business and privately-owned aircraft, at 2,716. Of these in turn, about 200 were directly owned by about 130 companies, which collectively had a turnover of over £30bn., and include many of the biggest names in British industry, from Allied Breweries to Vickers, Wimpey and Whitbread.

The number of business aircraft may seem small as a proportion of the total U.K. fleet. The reasons for this hitherto slow development lie partly in the relatively dense surface transport networks in the U.K., but more largely in the innate conservatism of industry. While surface congestion increases, the export-based industries expand, and interest in business flying grows, the benefits the aeroplane can confer on industry are still insufficiently appreciated in many boardrooms.

This may be because these benefits are not easy to quantify directly in cash terms. Frequently, the benefits come from convenience. The greater operational flexibility offered by the privately-owned aeroplane (or helicopter) enables it to fly to many places not served by the scheduled airlines, since it can land on privately-owned airfields or grass strips. The airlines are served by 38 U.K. airports but there are a further 400 U.K. airfields or strips which are solely used by general aviation aircraft, and there are 1,800 more in the rest of Europe.

The savings in costs are probably best measured according to the value placed by a company on an executive's time. The National Business Aircraft Association of America has a formula that divides the executive's average annual hourly work-load into the annual turnover for which he is either responsible or contributing towards. If, say, his workload is 2,000 hours, and the turnover is £2m., then his time is roughly worth £1,000 an hour to the company.

This can be carried further. If he normally spends an average of one-tenth of his time travelling, or 200 hours a year, the value to the company of that time is £200,000. Although it would be unfair to say it is lost, because the executive probably works while travelling and in his hotel, as well as at the plant he is visiting, it is still in the company's interests to cut this cost as much as possible. Thus, after taking account of the money he would spend on scheduled flights, ground transport, hotels and so on, it is clear that it would be well worth providing the executive with a company plane.

The value of the aircraft to the company will be even greater if more than one member of management is entitled to use it. The greater the hourly utilisation, the cheaper it becomes to fly per hour. This cannot be stressed too strongly, however obvious it may seem. Any aircraft is a waste of money if it is kept solely for the use of the chairman or the board. The companies who get most value from an aircraft are those which allow anyone on company business to use it, even mechanics who can deliver and fit spare parts overseas, thereby pleasing customers and saving much time. It is remarkable how infrequently this point is grasped by the chairmen and directors of even the biggest companies.

In addition, many companies which own business aircraft claim there can be a significant reduction in executive stress, especially since it becomes much more easy to make business trips to the Continent and back in a day, avoiding overnight accommodation.

Much of the success in using a business aircraft depends on acquiring the right type of aircraft in the first place. The short history of business aviation has its share of tales about companies who bought unsuitable types, found the costs and operating complexities appalling, and quit in disgruntled despair.

Intensive study

The choice of aircraft requires just as much intensive study as does the purchase of any other machine tool costing many thousands of pounds. The range of aircraft available is vast, extending from the smallest two-seat cabin monoplane costing perhaps £25,000 or so, up to the "flying boardroom" multi-engined executive jet costing over £1m. A recent survey showed more than 50 different types of aircraft and helicopters available in the U.K. alone that would be suitable for business purposes, mostly of U.S. or European manufacture, but also including some from South America, Eastern Europe, Israel and elsewhere. Between them, they cover the entire spectrum of range and payload performance, from those capable of only short flights of two to three hundred miles through to those capable of spanning the North Atlantic.

The operating costs also vary widely, depending upon the type, and how it is used—for example, the cost of the pilot and other personnel must be taken into account. If this cost appears too formidable, it is possible for companies to undertake contract hire from one of the growing number of air-taxi operators or leasing groups, who will undertake to provide an aircraft at reasonable notice. The Air Taxi Operators' Association is a rapidly growing body whose members specialise in meeting this requirement from industry. Last year they carried 380,000 passengers and flew over 15m. miles.

But whatever solution a would-be business aircraft user chooses, he would be well advised to consult the specialist organisations. These include not only the large number of aircraft dealers, who specialise in certain types of aircraft, but also the professional bodies such as the Business Aircraft Users Association, which has some 65 members who own their own aircraft, including some of the biggest names in British industry. Another is the General Aviation Manufacturers and Traders Association, representing not only the makers and dealers but many operators also.

Besides being ready to advise would-be business aircraft owners how to select the right type of aircraft, these organisations do a great deal to help improve the overall climate of business aviation. They are currently fighting not only for continued rights to use Heathrow and Gatwick, despite the growing pressures on runway capacity from the scheduled airlines, but also for the establishment of a specifically "business airfield" close to London, with Northolt the preferred choice.

Owning a business aircraft is thus not something to be undertaken lightly, and adequate research is essential to avoid disappointment and financial loss. But with the best professional advice, and an enlightened approach to its use, business aviation can work wonders for any company. The 130 companies in this country who own their aircraft are not all in the big league. Some are small, but they all share one opinion—having got into business aviation, they wonder why they did not do it earlier, and say they would never contemplate getting out of it.

Probably the best opportunity for would-be business aircraft owners to study the situation comes this week, with the biennial Business and Light Aviation Show, organised by Flight International at the Cranfield Institute of Technology, Bedfordshire. Embracing the whole field of business and private aircraft, it is now an indispensable item in the diary of anyone thinking of buying an aircraft for his own or his company's use.

Leonard Burt

A businessman boards a Jetprop Beechcraft King Air C90 at Leavesden Aerodrome.

…s

BY ADRIENNE GLEESON

…proving on the bare essentials

…e British Institute …ent devised a … for its collective … its attempts to …e to a sudden stop … was elected and …lled a halt for a …e business. Now …eckons that there …greement between … on pensions to …ber try; and it …quence produced, …n with pension … Noble Lowndes … Amicable Life … new plan for its …ber organisations. …f them will be …e Institute admits … that the new plan … for those of its … small to contract …te scheme without … times of high inflation, a risk of bankrupting themselves in order to maintain an adequate level of benefits. What the new scheme is designed to do is supplement the state scheme by filling some of the more obvious gaps—in the provision, for example, of a lump sum benefit should an employee die while in service, and the provision of a lump sum benefit should he, on the contrary, survive to reach retirement age.

The scheme can, in addition, be expanded to provide pension benefits to top up those available from the two-tier scheme which is to be brought in by the state in April, 1978.

Of the two plans for providing for lump sum benefits, Plan A, the less generous, requires from employees 2 per cent. of their salaries as defined under the scheme (effectively their PAYE earnings in the previous fiscal year), and provides, in return, a lump sum benefit of 2.5 per cent. of their cumulative salary on retirement—or twice their salary on death. Plan B requires a 3 per cent. contribution, provides a lump sum benefit of 3.75 per cent. of the cumulative total on retirement, and offers three times the scheme salary on death.

In either case a generous employer can take over the contributions himself. And in both cases the retirement benefits are paid to males at 65 and to women at 60—though provision can be made for early or late retirement. In each case the cash benefits arising in respect of each year's scheme salary are to be increased by the bonuses declared by Scottish Amicable.

Of the two plans for pension benefits, plan C provides 1 per cent. of cumulative scheme salaries for 1 per cent. of scheme salary in additional contributions, and plan D 1.5 per cent. of each respectively. In each case, the bonus additions declared by Scottish Amicable prior to retirement will go to increase these benefits.

Employee contributions under the plan qualify for full relief from income tax; and contributions paid by the employer are allowable as a business expense. So the costs of providing a little more than the bare essentials are not in fact as high as they look.

…hnical Page

…ARTHUR BENNETT AND TED SCHOETERS

…LWORKING

…rammed gear shaper

…AS a new concept …ing machines, the … electronically con- … movements can be … and the only …ion is mounting the …banging the work- … believed to be the …mable gear shaper …

…o index gear calcu- …ke or change gears …e number of teeth … cutter are dialled …igit decade thumb- …

…ls are also used to …cut and table back- … no table infeed trip …l stop to set; cutting …alled-in—no cutter …d belts or pulleys …ed per stroke and …ter are also pre-set … or infeed calculations to make or feed change gears to be set. Speeds and feeds are changed automatically for up to four cuts.

Suitable for both high production and jobbing work, the machine has a vertical work axis, with a moving table. External and internal gears up to 400 mm diameter can be accommodated. Maximum cutter spindle stroke is 70 mm (optional—100 mm), with a maximum range shift of 30 mm.

Standard stroking rate is from 150 to 1,500/minute (optional—200 to 2,000/minute). Rotary feeds are from 0.05 to 2.25 mm with radial feeds from 0.02 to 0.2 mm per stroke of cutter.

W. E. Sykes, Manor Works, Staines, Middlesex, a 600 Group company, designed the machine and further details are available from the Group on 01 743 2070.

● DATA PROCESSING

Point of sale is on the march

WARRINERS, wholesale distribution division of the Gallaher tobacco empire, is operating a pilot automated check-out scheme at its new cash and carry depot in Worcester.

Using five ICL POS terminals and two small computers and printers, the equipment is intended to cope very quickly with dealers' requirements and produce, at the same time, daily reports on goods inwards, shelf edge labels, stock files and handle customer file maintenance.

The system is to a very large degree fail-safe because in the very unlikely event of both processors being out of action, the POS terminals will produce a printed list of items required by the dealers and store all the transaction details so that as soon as the array goes back into service, an invoice can be despatched to the retailers.

It will be a guinea pig for a much more ambitious scheme which could ultimately cover Warriner and Mason's 57 cash and carry and 17 delivered trade depots throughout Britain.

Even more ambitious, at least so far as the amount of basic information the system is required to store, is equipment which has been installed at a large high street centre of Boots, close to the company headquarters in Nottingham.

Devised by the Boots management services division in conjunction with Sweda International (Litton), the equipment serves a 16,000 square feet facility carrying 35,000 different items and is based on magnetic tag readers — and terminals — linked over GPO lines to small processors some two miles away. Sixty terminals are used in the store.

As matters stand, the system is capable of looking up 20,000 prices an hour and there is room for further expansion. All transactions are recorded on magnetic tape for central processing overnight.

At the same time, Boots is experimenting with an extension at a smaller store, using only four POS terminals but operating in the same way.

Successful operation of this pilot scheme could mean a great deal of business for Litton since Boots has some 1,200 retail outlets in Britain.

● MATERIALS

Sticks grit to roofs

THREE BITUMEN based gritting adhesives, called Bitugrit, for bonding stone chippings to bituminous felt or mastic asphalt roof surfaces, are available from Shell Composites, Riverside, Saltney, Chester CH4 8RS (0244 674774). A solution, an emulsion and a hot compound, are each supplied in 25, 45 or 180 litre cans.

The solution is for applying straight from the can by brush or squeegee in good summer or winter weather. The roof surface can be damp, and the solution has immediate resistance to rain and frost. Coverage recommended is 0.7 litre/sq. metre for 3 to 9 mm. chippings and 0.9 litre/sq. metre for 12 mm. chippings.

The water-based emulsion is not for use when rain or frost is likely before it is dry. A cationic emulsion, it bonds better to acidic chippings of flint or granite than to limestone.

The hot compound is for fast gritting over a large area of asphalt. It is a solvent and penetrates to give a long-lasting bond. It has to be heated to about 140 deg. C before application, when it can be used in the same way as the solution.

● RESEARCH

Coal-burning experiments

ONE OF the largest electricity utilities in the U.S., American Electric Power, has decided to press on with its researches into the coal-burning technique known as pressurised fluidised bed combustion.

The company is collaborating in this project with Babcock and Wilcox and with Stal-Laval Turbin AB, a member of the Swedish ASEA Group. Main object of the research is to encourage greater use of coal for power generation and at the same time reduce risk of air pollution.

From conclusions reached in a six-month feasibility study American Electric Power has decided to conduct combustion tests using Ohio high sulphur coal in the National Coal Board's pressurised fluid bed pilot plant at Leatherhead, Surrey. Data from these tests will be used in the detailed engineering design phase.

Eastern Ohio coal, which is relatively high in sulphur content, has been selected for the Leatherhead trials because it is expected that a demonstration facility will eventually be located at the Tidd plant of Ohio Power Company on the Ohio River at Brilliant, Ohio.

The plant there is to be designed to produce 170,000 kW. Gases from the fluidised bed combustors will operate a 65,000 kW gas turbine while steam produced in tubes submerged within the bed will be piped to the adjacent Tidd plant to run one of its two 105,000 kW units, generating more electricity.

● PROCESSING

Polishing machine

MOULDS FOR the plastics industry can be polished with a French machine which produces a zig-zag crossed pattern movement similar to that of a skilled manual polisher.

The Seva was developed by Pont-a-Mousson SA originally for use in its glass works and will polish metallic surfaces to a mirror finish, faster and to a better quality than by hand. Flat, curved, internal and external cylinders, cones and similar plain surfaces are handled.

Marketing in the U.K. is by Denis Leader, Snargate Street, Dover, Kent CT17 9DB (034 202656).

Uniform plating

MOST SIGNIFICANT characteristic of a zinc-plating liquid from Oxy Metal Industries (GB) is that the deposit is uniform over a wide current density range on components on different parts of the rack or in different parts of the tank.

Designed to produce a bright fine-grained finish, the process, called Z-Brite AP15, can be used in low cyanide, "half bath" or full cyanide electrolytes.

It is stated to be stable in the electrolyte, with a good temperature tolerance, and to produce deposits which will accept the full range of chromate passivations.

Details from the maker, Sheerwater, Woking, Surrey (04862 5971).

● CALCULATORS

Panasonic's desk-tops

DESPITE A number of resounding departures from the calculator market in recent years, National Panasonic has decided to come into the desk-top arena with two models to be distributed in Britain by Teletronics.

Both 12 digit display units, the more powerful version has a print-out option. They are intended as a direct replacement of the adding machines still in use in many offices and offer far greater versatility and speed of operation, together with memory, percentage, square root and reciprocal functions that the old machines do not have.

Teletronics, 9 Connaught Street, London W2. 01-723 7443.

● HEATING

Hot water from waste

ALMOST ANY combustible waste, such as wood, paper or baled straw, as well as solid fuels, can be used to fire a Danish boiler now available in the U.K. Burning plastics is not recommended.

Made by HS Boilers, of Tarm, there are two models with outputs of 88,000 and 140,000 Btu/hr. The combustion chamber and water jacket is cylindrical, and it is claimed that stoking is only required at eight-hour intervals, and ash removal once a fortnight.

If connected to an existing central heating system, the boiler controls are interlocked with the original oil or gas boiler, so that the original boiler fires if the temperature from the waste burner drops. Alternatively the HS boiler can be fitted with an oil burner, to supplement heat from waste combustion.

Where the Clean Air Act applies, an after-burner can be supplied to reduce smoke emission.

Marketing in the U.K. is by R. Tomlinson (Boilers), Lotherton Way, Aberford Road Trading Estate, Garforth, Leeds (0532 861122).

● COMPONENTS

Tiny motors to order

PORTESCAP has introduced a new OEM stepping micromotor (the SO7) and at the same time launched an associated custom design service specially for OEM markets.

The SO7 has been designed specifically for the horological (quartz-crystal watches) and precision engineering (delicate instrument control) industries, and is based on the same patented principles as Portescap's previous stepping motors: a thin multipolar magnet rotates in an axial air gap between two toothed flat stators.

It is being made available as a set of basic components—the rotor, stators and coil core—which are then engineered by Portescap to provide the exact stepping motor required by the OEM customer. If this involves some special development work, Portescap is prepared to enter into a joint venture with the customer.

The basic specifications of the SO7 include a 5.86msec rectangular pulse duration, six-step-per-revolution operation, a range of motor shaft torques, and current consumption between 1.6 and 4.7 microamps per Hz depending on the torque selected and the size of the coil).

The motor is supplied as separate components, so that its assembly can be incorporated into the OEM's end-product production line.

Portescap (U.K.) at 204 Elgar Road, Reading, RG2 0DD. 0734 861485.

● CONFERENCES

Technical products sought

REPRESENTATIVES of eight Ontario companies—all seeking British-made industrial and consumer products for manufacture under licence in Canada, are due to arrive in London on September 10.

Arrangements for business meetings with U.K. manufacturers are being made by the Business Development Branch at Ontario House, Charles II Street, London SW1Y 4QS—the Province's headquarters in Britain.

Among products sought are moulding compounds, automotive products, wood and plastic windows. Companies are also looking for industrial process controls, filtration equipment, furnaces, energy-saving devices, filters, mining and process equipment, fire and corrosion resistant coatings.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Tuesday August 30 1977

A pause that refreshes

TEN DAYS AGO the Bank of Englsnd was quite widely criticised for signalling an end, for the time being, to the renewed fall in interest ratea, after minimum lending rate had been reduced to 7 per cent. in two half-point steps. Last Thursday, however, a repeatcd signal from the Bank was hardly necessary. The market itself had settled at the new level. With two new tap stocks now priced somewhat ehead of the markct, the rate structure looks relatively stable again. The Bsnk appears to have confounded the critics who bave argued that any attempt to stabilise both interest rates and the excbange rate is doomed.

There can be little doubt that a stable structure of rates, combined with a steep rise from short to long term, provides excellent conditions for the Government's funding operations, if the volume of stock sold is to be the sole criterion. At first sight there is something decidedly paradoxical about a policy which produces favourable funding conditions only by maintaining a structure of interest rates which encourages a continued inflow of funds, and thus adds to the funding requirement.

Transatlantic gap

However, it takes two parties to create an interest rate differential. Tha recant rise in commercial rates in New York has further narrowed tbe transatlantic gap, and there are signs that the inflow whicb was so heavy after sterling's initial rise against the dollar has now slowed down substantially.

This slower inflow, despite the recently renewed strength of sterling against the dollar, suggests that the revised exchange rate policy, aimed at stabilising the weighted average, rather than the dollar cross-rate, may be a sustainable one after all. The size of the initial inflow, when sterling holders first sniffed speculative blood, put the issue in doubt; but on second thoughts the market seems to have decided that buying the weighted average through London is not after all a very exciting prospect. There are always, virtually by definition, more exciting counters available, for wben the dollar is weak it is hecauae some other currency is moving well ahead of the average.

The fact that a policy works does not necessarily mean thet it is right, of course, and critics who favour either a higber exchange rate to reducc inflation, or still lower interest rates to encourage investment, are apt to criticise the authorities for being frightened by the ghosts of 1976. The eutborities could simply reply that a stable exchange rate and the present level of interest rates is not a bad compromise hetween the conflicting demands for cheaper imports and cheaper credit.

In fact, bowever, tbe official justification tends to he in terms of domestic uncertainty, especially about wage developments. The market has been increasingly inclined to hack a judgment that wages will not, after all, get badly out of hand. The authorities, aware of the frights that could come, prefer to wait and see.

Element of justice

The factor that tends to be forgotten in these arguments is the cost of the present polices to the taxpayer, and probably to the exchange reserves, as well as the impact of relatively high long-term rates (and especially perhaps the recent competition to the huilding societies from the National Savings movement) on the housing market. The hurden of debt service of the enormous volumes of stock which have been sold so successfully will cramp the style of future Chancellors; and if and when long rates can at length be brought down, the foreign investors who have been attracted in such volume will enjoy substantial capital profits. There is, it is true, a large element of justice to investors in this prospect, and the benefits of recent policies in terms of financial stability and confidence would have been hard to imagine a year ago; but the cost at which these blessings are procured should not be overlooked indefinitely. It is a high one.

Sweden counts cost of welfare

THE DEVALUATION of the Swedisb krona, announced at the week-end, is the third within a year and is a further sign that the Swedish economy, once so mucb admired by foreigners as well as Swedes, is now in serious difficulties. The devaluation, by itself, will solve little: some of its potential effects were immediately partly offset by develuations in other Scandinavian countries. Yet, to be fair to the Prime Minister, Mr. Faelldin, the authorities do not seriously expect it to do so. It is an attempt to gain time while a wider package of economic measures is developed.

Deep-seated

So much was claar from Mr. Faeldin'a Press conference yesterday. The accompanying measures announced so far ere either short-term or palliative in nature. The Prime Minister's "expectation" of a dividend freeze is academic: the Government appears to lack the powers to enforce a freeze and, in any case, few Swedish companies can be in e position even to consider a dividend increase. (The latest figures from Vnlvo provide a further illustration of that.) Above all, the price freeze which has been introduced is to last only until the end of October. It is hetween now and then that tbe Government will seek to find a consensus on how to put the economy hack in order. The real question is whether thla ls possibla.

The answer partly depends on the analysis of what has gone wrong. Certainly, there would seem to have been some short- to medium-term miscalculations. The traditional Swedish response to world recession has been to keep the domestic economy reletively buoyant in order to he ready to take advantage of the recovery when it arrives. The latest recession was longer than usual and the recovery slower: Swedish industry suffered in consequence. There may also bave been an element of miscalculation in seeking to tie the currency too long to the D-mark. West German inflation was considerably lower than that of Sweden and in the end thet was bound to tell in pressures on the exchange rate. (That, incidentally, is the only comment which it is necessary to make on the Swedish decision to withdraw from the European currency snake: the snake works well over a period only if the economic developments of the member countries are broadly in line.)

Yet if these miscalculations were all, a return to better conditions migbt be easier to forecast. More recently, the view has gained ground that Sweden's economic problems are more deep-seated. There is, for example, the question of wage costs—now tbe higbest in the world and two and e half times thnse of Britain. There are also tax rates—again among the bighest in the world, and not only for direct taxation. It may well he that Sweden has reacbad the point wbere its people will have to choose between better and better welfare (in the end they may noi even have thet), and encouraging more funds to go into productive investment.

Unions

Even if that point has been theoretically reached, however, there can be no certainty that the people ere ready to make the choice. That is the nub of Mr. Faelldin's problem. The Swedish economic crisis cannot fairly be blamed on him, the head of the country's first non-Socialist Government for over 40 years and in office so far for less than twelve months. Yet he is unlikely to he able to introduce adequate economic reform without at least the tacit co-operation of the trade unions and that, in turn, means thai he needs some co-operation from the Socialist opposition. That, no doubt, is what he will be seeking in the next few weeks. The task will not be easy.

American steel battles growing imports

By STEWART FLEMING, New York Correspondent

THE STORY of a major industry being trapped in a vicious circle of inadequate profitability and investment is an all too familiar tale to European and particularly British ears: whather it is textiles or television receivers, the result is usually a growing tide of foreign imports, followed by demends for protection from ailing domestic producers.

The U.S. has had little experience of such industrial malaise. But there is growing anxiety that the domestic steel industry which in 1950 produced half of world output is diaplaying many of the symptoms. Mr. Barry Boswnrth, a Brookings economist newly appointed to head the Government's Council on Wage and Price Stahility, talks of "the very aerious problem of the steel industry" snd the "enormous technological gap hetween ourselves end Japan."

The Industry itself is clearly conscious of the threat snd is increasingly belligerent both in its pricing, and its attitude toward foreign imports. Mr. A. A. Monnett, vice-president of corporate planning at U.S. Steel, the company which dominates the industry, producing about one quarter of total U.S. output, confirms that it is on the hrink of bringing an anti-dumping suit against Japanese steelmakers.

Georgetown Steel, a German-owned U.S. steel maker is also preparing an anti-dumping suit against European steel makers—believed to be French.

Mr. Monnett says be would not be surprised to see other suits filed against European producers wbom American sources widely accuse of being the most blatant dumpers in U.S. steel markets. Armco Steel, the U.S. Industry's fourth largest producer says it bas complained in Congress about the loss of a pipeline contract to British Steel.

The share of imports in the domestic U.S. steel market is running at a rate approaching 17 per cent. this year, compared with 14 per cent. In 1976. In the first six months of 1977 8m. tons were imported: 3.9m. tons came from Japan, and imports from the European Economic Community doubled to 2m. tons.

To U.S. makers imports are one of the factors holding hack profits by holding down their own production and prices. After several steel companies had reported losses in the first quarter (which was disrupted hy a fierce winter), the recently announced second quarter earnings of major steel companies came as a shock to shareholders. U.S. Steel and Bethlehem Steel, the two largest companies, both reported declines of earnings. Betblehem would have reported its second successive quarterly loss but for tax credits.

How serious a problem all this is for President Carter is indicated by the growing interest of the Administration in the industry. There are fears thet the technological backwardness of the industry contributes to inflation as steel companies keep pushing up prices of this basic raw material to try to maintain profits. But the Administration ia equally worried hy the political implications of the plight of the induatry with its 480,000 employees.

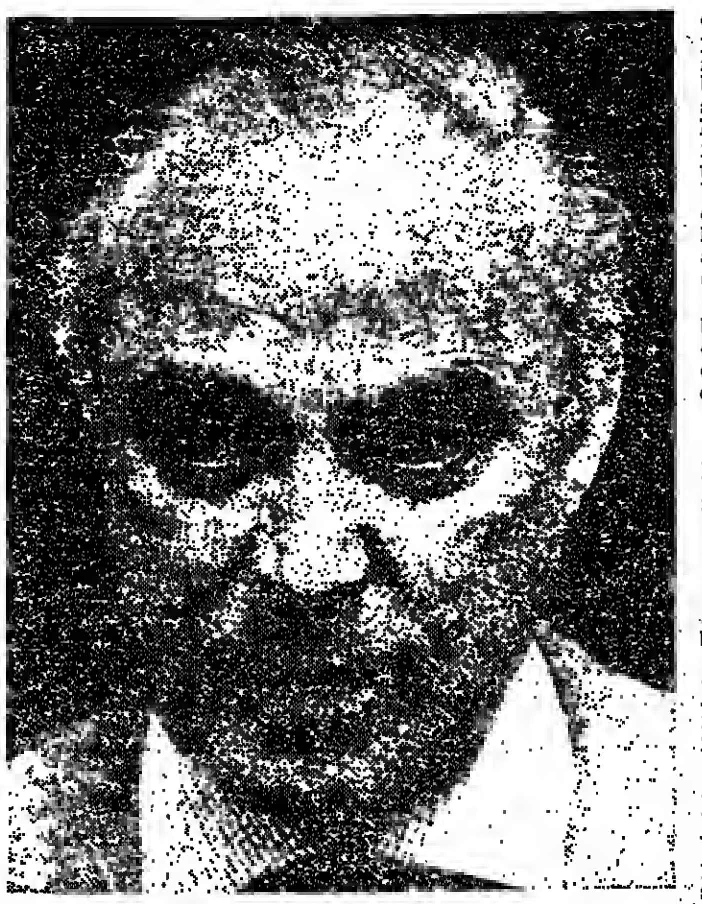
The Government with its commitment to free trade will have to summon much political finesse to stand hy its principles. Clumsy attempts to curb imports, which might satisfy voters and corporations, would revive accusations abroad that the U.S. is leading the way towards protectionist trade restrictions. There is a danger that protectionist moves in the U.S. could have disturbing political consequences in Europe, particularly in Britain and France, should restrictiona on steel imports be linked with closures of steel plant in those countries.

The alertnesa of the Carter Administration to the international political implications was demonstrated in June after U.S. Steel hed gone to the customs court to challenge European tax rebates on steel exports. Mr. Robert Strauss, the President's Chief Trade Representative, accused the company of threatening the whole world trade system, and described its action as an outrage.

The Administration has kept pressure on steel prices by ordering a Justice Department anti-trust enquiry into a recent round of steel price increases and a Wages and Prices Council inquiry into increases of prices for structural steel which the Administration clearly suspects were not justified by market conditions. In May the industry launched its latest assault on imports with the publication of a consultants' study on tbe economics of international steel trade.

The report puts forward a casa designed to establish that Japan is competing unfairly in U.S. markets in order to expand exports. The gist of the report is that for a numher of reasons, but particularly because of its heavy dependence on borrowed capital to finance investment, the Japanese steel industry needs to keep its plant operating close to peak capacity in order to be profitable. The report suggests that the typical Japanese steel company has a break-even operating rate of about 80 per cent. of capacity, because of heavy fixed costs such as interest on borrowed capital. It says that a typical major Japanese steel company borrows 83 per cent. of total capital, compared with only 23 per cent. in the case of the U.S. majors, and that it has to pay interest whether it is producing at economic levels or not.

The report alleges that in order to keep output flowing at economic levels the Japanese companies manipulate export prices to increase exports and production.



Mr. Robert Strauss was nutraged.

The allegation has of course been cballenged by the Japanese. But during July, in a paper which really stirred up the steel industry's wrath, it was challenged even by an American. Mr. Charles Bradford, a steel industry investment analyst with the largest U.S. stock broking firm, Merrill Lyncb Pierce Fenner and Smith, circulated a study to the company's institutional investment clients comparing the Japanese and U.S. steel industries. The comparison proved odious from the American viewpoint.

"Under conditions of free trade we do not believe that the United States steel industry is economically sound over the long term," Mr. Bradford wrote. He pointed out that no mill on the Japanese scale had heen built in the U.S. and only one of medium size during the past 15 years. In the same period eight giant mills were huilt in Japan. He suggested that the average Japanese steel worker produces 400 tons of steel a year, the average American only 250 tons. Mr. Bradford conceded that the most advanced American steel mill—he singled out Bethlehem's Steel Burns Harbour facility—can produce 600 tons per man/year, but said that the U.S. has far fewer such plsnts than Japan and nothing to compare with the best Japanese plants where production is rising to 1,000 tons per man/year.

Using figures which are widely accepted in the steel industry, Mr. Bradford pointed out that basic oxygen furnaces, the most efficient way of msking steel, account for more than 80 per cent. of Japanese steel production, hut only 60 per cent. of U.S. production. He contrasted this with the fact that 18 per cent. of U.S. steel comes from open bearth furnaces (the less efficient plant), compared with only 0.5 per cent. in Japan. Moreover Japan produces 35 per cent. of its steel hy the fuel efficient, labour saving continuous casting process which accounts for only 11 per cent. of U.S. output.

Harking hack to President Kennedy's celebrated roll back of steel price increases in 1962, he argued that what he termed de facto price control of the industry by the U.S. Government had been an important factor in depressing profitability and investment in new plant.

Mr. Bradford's analysis is coming under strong attack from the Industry, in particular bis estimates of Japanese labour costs and productivity. While even Mr. Monnett at U.S. Steel concedes that with their big blast furnaces and hot metal stages tbe Japanese producers hava "got to heat us," in productivity, he firmly denies that it gives them so hig an advantage that they can undercut U.S. producers in their home market without dumping. "I have no reason to suspect tbat the U.S. steel industry is not fully cost competitive in its own market," he says.

Mr. Bradford's critics point out that while U.S. steel companies have not been investing in green field sites, they have been improving their old plants and investing heavily, more heavily than has been really justified by profits. Thus over the past 15 years two-thirds of U.S. steel capacity has been converted to the more efficient basic oxygen system: 15 years ago only 5 per cent. of output came from basic oxygen plants.

Some analysta suspect that both Mr. Bradford and his critics are overstating their cases. Whatever the subtleties of the argument, some hroad conclusions are readily apparent. One is that at least in comparison with Japan the industry is tecbnologically hackward and inefficient, and that some companies are beginning to attack the problem by closing plants.

Bethlehem Steel, which had already closed a mill in California, bas just announced beavy cuts in day-to-day operations and to its investment plans. A substantial loss is expected in the current financial year. Tbe company, whicb is the aecond largest steel maker in the U.S., said it will cut steel production by 10 per cent. and lay off 7,300 workera in New York and Pennsylvania. It plans to reduce its capital spending by $200m. during the next 16 months.

There is not much evidence that the construction of new advanced fecilities is likely on any scale. Armco Steel is only one of the companies which has said it does not intend to make major new commitments to steel at present. U.S. Steel last year announced plans for a $3bn. investment in new steel plant big enough to compete with the big Japanese mills, hut analysts question the company's enthusiasm for the scheme.

Like many steel companies, U.S. Steel is prohably at the point wbere it could only raise outside finance at the expense of a lower debt rating. U.S. capital markets are remorseless in their exposure of balance sheet weaknesses, and companies in the U.S which need belp to deal with their problems have to pay for it and justify it.

This background helps to explain the industry's aggressive pursuit of price increases —even in weak markets— and its belligerent attitude to imports. Both are of course linked, since many steel industry executives would argue that cheap imports rather than Government pressure are holding down domestic prices and profits.

How the U.S. Government reconciles the conflicting interests it faces will be important not just to the U.S. companies but also the European and Japanese. Top Government officials have already suggested that the Admiuistration will not repeat for steel the sort of orderly marketing agreement concluded with foreign producers of TV receivers (Japan again), and of shoes. Instead it seems the Administration is ready to pursue the dumping issue, apparently on the grounds tbat if trading practices can he proved to be unfair then stopping them cannot be interpreted as being protectionist. As one official pointed out, to the extent that the EEC countries stop export prices from depressing their domestic prices, they can dump steel more easily overseas. There is more than a suspicion, for example, that the agreement concluded with Japan limiting Japanese exports of steel to Europe is designed to allow such differential pricing by the Europeans.

Some top steel industry executives doubt whether the Carter Administration will really pursue the steel issue with as blunt an instrument as an anti-dumping case, especially since under tha 1974 Trade Act the Treasury cannot use tha case as a delaying tactic but has to complete the investigation in at most nine months. Their doubts reflect their assessment of tbe delicata international political forces at work (and the influence therefore of the State Department) as well as the issue of inflation. If dumping were proved higher steel prices and more inflation might ensue.

Meanwhile some steel planners believe that the world steel industry is in an extended crisis. They point out that steelmaking technology is readily available, that big plants are the most efficient, and that a steel industry forms the basis for the development of many less developed nations. Hence they warn against danger of persistent overcapacity around the world, continuing trade problems, and of continuing pressures for concentration of the industry among fewer companies in the U.S.

THE U.S. STEEL SUPPLY
(million net tons)

Year	Shipments	Less Exports	Plus Imports	Apparent Supply	Share of imports in supply (%)
1970	90.8	7.0	13.4	97.3	13.8
1971	87.0	2.8	18.3	102.5	17.9
1972	91.8	2.9	17.7	106.6	16.6
1973	111.4	4.1	15.1	122.5	12.4
1974	109.4	5.8	15.9	119.6	13.4
1975	79.9	2.9	12.0	89.0	13.5
1976	89.4	2.6	14.3	101.1	14.1
1977*	47.2	1.1	8.0	54.1	14.9

* Jan.-June

MEN AND MATTERS

Nice mice prices leap

It has been said that whoevar first thought of eating shrimps must have been . . . terrihly hungry, a aentiment I share when it romes to the edihle dormouse. The ancient Romans were the first to show interest io such a delicacy, raising the beasts in special enclosures; now a present-day boom in demand has prices leaping ahead. It has also made some mice-lovers cross that the animals should he on any buman menu anyway.

The price of notoriety for lovers of sauté dormouse is now £38 a nibble. Recent publicity has inflated the going rate for these two-ounce snack-sized edible rodents, which only a couple of weeks ago was a modest £30. Such is the interest that Britain's leading breeders and butchera, Geoffrey Hunt and bis son Richard of the Scotch Produce Centre in Stockport, Cheshire, are having their work cut out keeping up with demand. Richard Hunt says be has had to put up his prices because bis main supplier of breeding stock has increased his charges to £35 a head in the face of fresh demand.

Undeunted by the heavy capital costs, however, the femily concern which runs a successful if occasionally eccentric farm and hutchery business, is going ahead with expansion plans. The breeding "herd" (what is the word for a group of dormice?) is heing increased from its present level of 70 to 300 animals by next year.

The Hunts have been heartened by a repeal order from a Lakeland hotelier who specialises in gourmet dinners, and, needless to say, certain Middle Eastern buyers are showing an interest. Richard Hunt has an appointment in London in the next few days with a group of Arabs who want to see samples.

Building up the business, which the Hunts insist is not yet profitable, has not been easy. These shy and dozy creatures are apparently reluctant to hreed in captivity, and it took eight years to get a decent supply going. They are also expensive to fatten. Disdaining common or garden mouse fodder, they take a luxurious approach to life and insist on a diet of chestnuts, sunflower seeds, cherries, grapes, dates and nuts hefore heing delicately electrocuted and dispatched to the pot.

And if dormouse, chicken-like and a reputed aphrodisiac, is beyond your pocket, your palate or both, Messrs Hunt also do a nice line in rook and crow for adventurous eaters. Trede in both these birds, Richard Hunt says, "has really teken off since last season."

Hasty

Is the world's largest banking group mistrustful of the British Post Office? An envelope arrived in my office merked "If not delivered in five days please return to Bank of Americe."

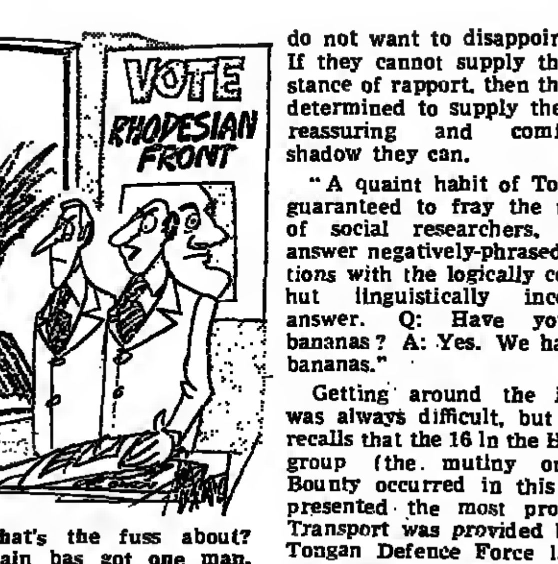
Tonga count

The prospect of a census means, to me at least, a vague but definite feeling that the bureaucrats are about to force another pointless exercise on the long-suffering taxpayer. You may recall that at the time of the last head count, officialdom met with a fair degree of rudeness up and down the country, and several people appeared in court for failing to co-operate.

Government statistician John Doyle encountered no such prohlem in Tonga, wbere the natives were almost unhearably polite. But there were plenty of other hazards involved in taking a census of a population of some 100,000 scattered over 36 of the 169 islands in the kingdom, wbich covers 140,000 square miles of the Pacific Ocean.

Doyle was saconded from the Home Office to help organise the job, and he recounts some of its more unusual aspects in the latest Statistical News. He foresaw the geographical problems —many of the islands are tiny and ringed by forbidding reefs and several are inhospitably volcanic—hut was not altogether prepared for the difficulties of communication with supervisors and enumeretors under his command.

He reports: "Tongans, I was told, speak English. This is not true. They speak some English and, heing exceedingly polite and kind, they smile and nod their heads because they know you want them to understand what you are saying and they do not want to disappoint you. If they cannot supply the substance of rapport, then they are determined to supply the most reassuring and comforting shadow they can.



"What's the fuss about? Britain bas got one man, one vnte but thet's still ruled by a minority!"

"A quaint habit of Tongans, guaranteed to fray the nerves of social researchers, is to answer negatively-phrased questions with the logically correct, hut linguistically incorract, answer. Q: Have you no bananas? A: Yes. We have no bananas."

Getting around the islands was always difficult, but Doyle recalls that the 16 in the Ha'apai group (the mutiny on the Bounty occurred in this area) presented the most problems. Transport was provided by tbe Tongan Defence Force launch, "a vessel of greet speed end equal noise which bucked like a hronco in all but the calmest seas."

But tbe launcb could not crosa the reefs surrounding the corel islands, so intrepid social researchers bad to descend via a ladder to a tin dinghy. Tricky enough, but then one of the sailors lost the ladder in 16 fetboms of weter. To get aahore on one islend, even the dinghy drew too much water and netive dugouts (hollowed-out tree trunks) carried tbe bead-counters in, "jumping" the reefs thanks to the paddlers' expert judgment of incoming breakers.

Doyle's proud postscript: the Tongan population numbers 90,128, of which 46,029 are mala and 44,099 are women.

Horrid

Neatly sinister piece of graffiti at Redhill station, Surrey: "Drink vernisb. It kills you but gives a lovely finish."

Observer

FINANCIAL TIMES SURVEY
Tuesday August 30 1977

هكذا من الأصل

Middle East Construction

The frantic pace of construction in the Middle East in recent years has begun to ease — but so great is the market that the area still offers the best opportunities for companies which are willing to accept local, usually tough, terms.

To talk of recession, would be totally misleading. There has been none except in Oman where economic decline has been evident for a year or so and the United Arab Emirates where the private sector, temporarily at least, seems to bave met voracious demand by over-supply of office and residential accommodation. There and in the other producing states the pressures from government-led development are strong. Still enjoying the wasb from the 1974-75 flood tide of aid or investment, such penurious states as Jordan, Egypt and Sndan are still experiencing a rate of growth—reflected in vigorons construction activity—bigger than they could bave boped for.

Over the next five years the Middle East can expect to enjoy a faster rate of growth thao the world as a whole. At present no less than 55-60 per cent. of capital expenditure in the region is reckoned to be accounted for by construction, and anything from 10-25 per cent. of GNP. Undoubtedly these proportions will decline but in the medium-term will continue to be far higher than the global average. Last year expenditure on construction in the Middle East (not including the Maghreb, Sudan or the Yemens) was $23.4bn., according to the estimates of Plantecon (Overseas) Research, which projects an increase to $26.2bn. or nearly 12 per cent. in constant prices by 1981. Steady, if undramatic, expansion of the market is in prospect. With prospects of economic recovery elsewhere so uncertain, the attention of the international construction companies on the region is as great as ever.

By the same token, tha competition is fiercer than ever and the market tougher. Tha tendency of Middle East states to go for the lowest bid regardless of quality endures. So, too, does the insistence of states on fixed-price contracts at a time wben local inflation continues to run at an uncertain and often high rate. As if encouraged by the more intensive search for work overseas the clients of the region have not shown any inclination to relax other harsh terms. Contractora still have to obtain unconditional guarantees in respect of performance. Taken together with the barsh environment, shortages of labour, transport congestion, local scarcity of materials and equipment, bureaucratic inefficiency and payment delays, the contractual framework makes the region generally a forbidding proposition for all but the determined and the efficient.

Generous

Advance payments can be generous, like the standard 20 per cent. paid by Saudi Arabia, and are the equivalent of an almost interest-free loan. The risks of unfair calls npon such "loans" and performance bonds, may be minimal. The contingent liabilities are there and becoming frigbteningly large, bowever, U.K. and U.S. contractors, meanwhile, bave generally been handicapped because their banks have tended to count the value of guarantees against lines of credit. In this respect their European and Asian competitors—with closer links with their respective banking systems or greater reassurance from their governments—bave evidently had an advantage.

Yet, as a result of the boom in the Middle East and risks arising from it, the trend has been towards greater State support for contractors bidding for and nndertaking projects in the region, including bond support schemes and insurance against cost escalation at home. Refraining from them, the U.S. and Sweden have argued that sucb policies will only lead to the perpetuation of contract terms dictated by the oil rich of the region.

There are exceptions to this general rule of rigid conditions. For defence projects like those supervised by the U.S. Corps of Engineers in Sandi Arabia and in Iran, negotiated within a government-to-government framework, bonds do not apply and cost escalation is allowed. Some states like Dubai in the UAE are prepared to negotiate terms with trusted contractors. The supplier is in a position to obtain more internationally acceptable terms in areas of advanced technology or wben a credit package is needed to finance a project. However, the oil states running into or close to deficit are able to raise their own funds independently on the market at cheaper rates than supplier credits. Projects in the poorer Arab states are often financed directly by the oil-rich states or through the aid-funds mainly primed by them. It is a buyer's market where cash-payment, self-financing projects predominate but contract terms are barsh.

Libya stands out clearly as the biggest risk as evidenced the fact that premiums charged on account of it by Lloyd's are double those for any other country in the region and cover from Britain's Exports Credit Guarantee Department is restricted. Among the oil producers Iran, Algeria, and Oman have recently had a bad record for payment delays. The same is true of Qatar—presumably because tha Rnler has to approve the important disbursements. Sandi performance can vary from the adeqnate to the abysmal according to the ministry or agency concerned. With their endemic shortages of foreign exchange Egypt and Sudan are poor propositions.

A tough environment for contractors, in every sense of the word and by any standards, places a premium on planning, organisation and financial strength. A good local partner can be vital to success but local sub-contractors a liability. Small contractors, with a limited asset base and liability call on funds, should be treated with particular caution. It is folly not to make generous allowance for the risks that are commensurate with the rewards. "To-day we may call the Arab countries a Mecca for builders bnt we should not forget that sucb a pilgrimage also reqnires patience and endurance." That comment came last year from a director of Philipp Holzmann which bas been successful in the region and has undertaken a number of projects in Libya, the most difficult market of them all. West German contractors are said to be foremost among the West Europeans for their organisational efficiency. This made all the more dramatic the collapse of an affiliate of Bremer Trenhard, a respected and solid West German concern as a result of a bousing contract in Algeria.

But risks are commensurate with rewards. Nowbere is that more true than in Sandi Arabia where most of the problems are magnified in line with the scale of their projects. Says one U.S. banker with intimate knowledge of the market and with reference to the super-heating of 1974-75, "There have been comparatively large winners with net Incomes running in excess of 30 per cent. of the contract value—but also a large number of losers. Because of the fixed price nature of contracts, a number of Western contractors, particularly those working on road contracts that were bid in 1974, have sustained major losses. One European company sustained losses on a contract equal to its entire value."

Proportion

The importance of the Middle East to construction companies bungry for work can be seen from the fact that no less than 37 per cent. of the turn-over of Laing last year came from the area. But the relative proportion of profits from it has been small and dipped to just under 10 per cent. in 1976. Laing reported that it had suffered from greater than anticipated cost escalation in Saudi Arabia. Because of the reordering of priorities in the Kingdom, other contracts did not materialise. Together with Wimpey, Laing has had the advantage of a joint partner in the well-established Ali Reza concern and also work on projects related to defence infrastructure. However, it is clear that the going has not been easy.

In Iran, the Laing-Wimpey partnership was adveraely affected by the slowdown in the £500m.-plus Isfahan ordinance complex as a result of foreign exchange shortages. Costain's too, must bave suffered from the prevarications over the housing project for the naval base at Shabahar.

Iran in its own capricioua way presents peculiar difficulties of its own—witness tha experience of Marples Ridgway with the customs and excise whicb for some time refused to allow importation of eqnipment required for its big road project in the south of Iran although their purchase from outside formed a condition of contract. With the advantage of cost-escalation provisions, that contract is now contributing to profits. Yet the experience of Cementation which is still awaiting payment of £900,000 for design work on hospitals has served as a warning to all.

Well-entrenched in the region, Costain's bave done no less than £500m. worth of business there over the past decade. Deriving the benefits of continuity of work and close local connections, particularly in Dubai, the company bas reported profits 54 per cent. higher, of which two-thirds came from the Middle East. It is constructing the Dubai drydock with Taylor Woodrow, for which the region bas also been the biggest overseas contributor to profits. And work there added significantly to Tarmac's lost results.

U.S. contractors are equally concerned about obtaining work in the Middle East at a time of stagnation and unemployment at home. The importanca of the market was abundantly shown by tha campaign mounted by the business lobby against the attempts of Jewish pressure groups to get legislation passed against foreign boycotts which would have effectively barred American contractors from the Arab world and in the modified form enacted will inhibit small concerns or those not already established there. It is reckoned that over the coming five years U.S. contractors could get $30bn.-worth of contracts with a value of $18bn. in Saudi Arabia alone.

It is the same for Italy, France, the Netherlands, Belgium, West Germany and Japan among the leading industrialised countries. The Greeks, Yugoslavs and Cypriots bave been as active in their own way seeking contracts and been aided in the process by their ability to mobilise their own national skills on site. Provision of cheap, bard-working manpower, together with good organisation, bas been a key factor in the amazing success of South Korea in gaining $5bn. or so in contracts in the Gulf area over the past few years.

No doubt stimulated by this achievement, India and Taiwan, both with a developed industrial base, bave been bidding bard. The Asian challenge has further been stimulated by Saudia Arabia's angry rejection of the "inflated bids" of Western and Japanese contrac-

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New ground rules for contractors

OF ONE THING the civil engineer or building contractor contemplating work in the Middle East can be sure. His decision to tackle a strange, distant market may well have been forced upon him by recession and shortage of work at home and his venturing abroad may represent a search for the solution to some serious problems, but his overseas efforts will inevitably present him with a fresh batch of headaches.

There is no question that the chances for profitable contracting in the Middle East countries still generally abound. While there may be talk and indeed growing evidence of a slowdown in spending activity in some countries, brought about by budget difficulties and the myriad constraints imposed on any rapidly developing nation, a visit to the Gulf states and some of their neighbours is sufficient to convince the most disbelieving observer that the market for construction remains impressively large as well as potentially profitable.

There are still as many tender notices in the local press as there are now foundations being dug, there are new names appearing on site boards almost daily and there are now plans fer development regularly announced. That is not to say, however, that changes are not on the way.

Fundamental

If there is to be a fundamental change, it will more likely than not principally involve the type of work which becomes available in the next few years. Few of the oil-rich nations have the sort of population which can justify the continual provision and expansion of the fundamental services now being laid down. Once the basic infrastructure is complete, there will have to be an end to the multi-million pound port and harbour complexes, the dry docks, airports, trade centres and motorways—the real need for which have in some cases already been brought into question. Ask any civil engineer involved in such a project and he will say a major attraction of the work is the knowledge that they are of a size and complexity unlikely to be repeated again, certainly in the Middle East.

So it will be the type of work which changes. What should provide contractors—builders rather than civil engineers with future work will be the continuing requirement for the homes, shops, offices and buildings which any buoyant economy constantly demands. The question then will be how much of this work will foreign contractors be able to pick up in the face of competition from increasingly competent local contractors.

In the meantime, while contracts large and small remain fairly plentiful, there is no suggestion that the Middle East is the site of the Garden of Eden, certainly as far as the international construction industry is concerned.

Far from it. The site in question will, more likely than not, turn out to be nothing more than a mound of sand where Centigrade temperatures can reach more than 50 degrees and where water, power and accommodation are simply not available.

To build in the region is to take on and, hopefully, solve a wide range of self-generating problems, large and small; to confront the sort of difficulties which even the most experienced and vivid imagination could not visualise in advance; to face constant communications problems, both in terms of distances and people, to cope with stifling bureaucracy, manpower problems, material shortages, new laws, the vagaries of a client who may be used to absolute authority and, last but by no means least, inflation rates which continually gnaw away at fixed price contracts.

There are fundamentally only two types of construction company in the Middle East—those with some experience of the region or at least some of its markets and those with none. The former will tell the latter that he is wasting his time trying to get a foothold now that the boom is over anyway and that even if he gets some business he won't make any money out of it.

The long-established contractor will emphasise that he has been operating in the region for years as a part of a well defined strategy which dictates that workload and risks are spread as far and as wide as possible. They have had time to work their way into markets where everything takes time, to make the right contacts, to forge the correct partnerships and to spot the profitable business, as well as to make mistakes and learn by them.

For the newcomer, invariably forced to seek work where work exists or face the consequences of a domestic recession, the situation is completely different. He is competing in a market where the preliminaries to business are a fine art, where a wrong move can cause grave offence and lose a job. He is up against the best competition the world construction fraternity can muster and, despite stories to the contrary, price-conscious customers in a tough market who have rapidly become aware of any attempts to capitalise out of their relative inexperience. He also wants work quickly.

That is not to say that the newcomer cannot find contracts and cannot make money. But, equally, he cannot arrive and expect to play the game his way. His patience and readiness to adapt to the status of a guest worker will prove as valuable an asset as any bank gaurantees.

Apart from his own resources and ingenuity, the contractor may well find that the difference between success and failure could be decided by the extent of the back up provided from outside. More and more countries are realising that national as well as individual effort is required to capture a share of an intensively competitive market place and a combined approach, incorporating such essential services as a local intelligence system, insurance cover and extending to cover matters like personal and corporate tax concessions, can often pay handsome dividends.

In this respect, some countries have been more astute than others and their contractors believe the back-up they have received has on occasions made all the difference between success and failure. There are limits, however, to just how far the process of state support should go and many observers would hold up the case of the South Koreans as a supreme if extreme example of what can be done through collective effort.

No-one knows if the South Koreans are actually making much money out of their contracts, with bids invariably 20-30 per cent. below everyone else's, or, if they are principally content to earn large volumes of foreign currency and establish a presence in the region. Whatever the case, in a few short years the Sonth Korean construction "army" approach, with its blanket Government support, has worked well in terms of new business and they have been taking work away from under the noses of contractors who regarded themselves as the best in a particular specialist field.

For the rest, matters have not reached such extremes. To them, construction work overseas has not yet reached the same status as conscription and most hope that it never will.

As far as the U.K. contractors are concerned, and their presence in the Middle East is an impressive one, the broad level of support they can expect from Government services is usually comparable with those made available by most other countries. However, at the risk of once again incurring the wrath of certain U.K. Government commercial counselling operations in the region, it is only correct to repeat the comments of British contractors in the field who still report very mixed standards of commercial awareness among embassy personnel and who claim that in this respect some of their competitors are better briefed and more usefully assisted in the search for business and in coping with problems that arise once work has been won.

Expertise

But whatever the level of expertise of local Government representatives, much of the fundamental advice handed out to prospective contractors will be the same. The first message would invariably seem to be find a local operation with good local knowledge to provide the basis for your business. In some countries this is obligatory while in the rest it remains just as vital. There are some notable and sizeable exceptions to this rule and this is either because of longstanding connectiona with a particular market or special relationships which have been developed between contractors and local rulers, invariably their largest single client.

The problem for the newcomer is likely to be finding a local partner worth associating with. The fact is that most of the good ones, with sound reputations and good contacts, have long since been wooed and won by foreign contractors, although some are still to be fennd. Beware too the agent who says he has the ear of this Prince or that Son and can fix everything. "No Problem" s be a favourite catc throughout the region, a it usually means precis opposite.

With a local base esta the contractor then co the task of winning wo again he must be patie far as Government contr concerned, the process lengthy and frustrating involve open tendering, short-list of companies themselves being play against each other in t ing stages, or negotiate tracts or even bids by tion, though before th happen the company usu to be well known and by the client. In the sector, the bargaining can be even more uncert more dependent on goo tacts and contractors can with little or no indicat their chances until th details are actually anno Contracts, however, are n by influence alone and i well for contractors to r ber that competitive pric realistic completion date essential.

Any work won will inevitably be on a fixe basis, a spectre in itse ficient to scare away contractors who have su heavily under such co because of rampant inflat their home markets. Cost lation clauses or cost-plu tracts are rare, although governments are at least pared to accept quotatio foreign currencies for items supplied from abro

Bonds

The contractor will also to be in a position to prov wide range of bonds, dealt more fully in other art likely to be demanded as a condition of any busi Performance bonds and guarantees, bid bonds in ticular are becoming popular, have to be arran even if some are never ca on. Together, they represe further, potentially ma obstacle to the contractor have in some cases b instrumental in keeping t with their feet firmly at ho

The problem of mobilisa can cause the biggest heada of all. Time and time a contractors have seriously judged the period required organise and assemble mater and labour in advance of w on site and many spend the of a contract trying to catch Apart from home recruitm of the management team, way in which a company tac the large-scale organisatio immigrant workers—few c tries have the requ numbers of people avail themselves—and the impor of almost all materials equipment, can preve deci In this area, even the laid plans can be thwarted the case of a major British tractor operating in one country proved. While it been made a precondition the contract that both mate and labour should all be ported, the agreement m nothing to the indivi authorities which inevit became involved in the c pany's efforts. Customs offic for example, were decidedly impressed by the news under a Ministry direction, equipment had to be impo and when it arrived they fused permission for entry subjected it to dama expensive delays un were convinced it was nec

As the contractor in commented: "To succe here, you really have to tha old book away and star over again. It can be a s and painful learning pro but it can also be well wo while in the end."

Michael Cass

Market

CONTINUED FROM PREVIOUS PAGE

tors earlier this year, and its charges of collusion against them.

Saudi Arabia's outburst expressed a sense of grievance felt by other countries as well. Subsequently, Kuwait — always a demanding client—made public its discootent when Mr. Abdel-Rahman al Attiqui, the Finance Minister, said: "When we carry out several projects we find there are only a few contractors who can carry out other projects. Prices go up and we are under the control of a few foreign companies who can carry out the projects." Bahrain has vigorously attacked the role of consultants complaining that their initial estimates always grossly under-estimata final cost and that their way of drawing up tenders make it possible for a contractor to claim mere money—not unreasonably, it might seem—when clients issue variation orders.

Rejection

It is ironic that Saudi Arabia, having rejected the Western and Japanese bids for power contracts, should have *negotiated* contracts with the Asians. That happens to be the method of the U.S. Corps of Engineers who are responsible for about 20 per cent. of the construction work in the Kingdom, mainly in the defence field, but it does not believe in bargaining "to the point so low that an unsuspecting or unfortunate contractor would suffer financial loss." Accustomed to making adjustments in the course of implementation, its stated view is that "only through a reputation of fairness and competence can the Corps continue to obtain qualified contractors who will then produce the high quality work required of them."

A degree of paranoia and a sense of exploitation is apparent on the part of Arabs and Iranians who have seemed reluctant to admit the inflationary factors created by their own boom conditiona and inflationary pressures. Nor have they been willing to acknowledge the inflationary effects of commissions which in Saudi Arabia have been in a range of 5-35 per cent. of contract valne. In the Kingdom few major contracts have been awarded without a princely figure receiving some kind of cut. Regulations governing commission rates are said to be under consideration. To its credit Abu Dhabi has already promulgated a law fixing percentages. There has been a ritualistic crack-down on corruption in Iran. Only Iraq has taken firm — indeed draconian—action: Law No: 108, decreed last year, and aimed at restricting the operation of agents, lays down the death penalty or life imprisonment for any official convicted of influencing the placing of a contract or the choice of a tender.

Profits in the Middle East are hard won. Generally, the risks are as great as the rewards. Competition and the international construction industry's need for work overseas enables clients to drive a hard bargain. They are entitled to value for money. Nevertheless, it is pertinent to ask whether they are best served by the tough terms they impose on the implementation of most projects.

هكذا من الأصل

Competing in a seller's market

STRIES have bene- spectacularly from tion of world finan- es caused by the oil tion than construc- ost every industrial- companies operat- field have turned to East and other OPEC work which is not a large scale at only has the balance dividual companies' vung decisively to- ponderance of over- the boom has also rganisations whose road had previously

countries have all ages of being in a rket, with a wide ntractors and tenders from. They feel in that they can afford ess in enforcing con- even though this es be self-defeating. nstruction companies itiveness of the mar- eased by the usual of operating in countries, aggra- ottlenecks in supply are usually beyond ol (though this fact ways recognised by where they are

this competitive back- demands on a com- ying out—or contem- arrying out—a large re immense. It needs nical know-bow to a job of a kind which y do once or twice in on (such as building ew barbour facility); tive organisational th the flexibility to immense and unfore- nlties; and a stable rably large financial n may even then have ed by government or rnment support.

ice is a contractor's sset, and in analysing onstruction companies fferent industrialised have taken contracts Middle East several nd out. First, certain are making full use traditional skills in particular construction fields—Dutch companies, for example, are as prominent as ever in dredging and land reclamation. Secondly, some which have a deep historical involvement in certain Middle East States have capitalised on their connections there—the British in the United Arab Emirates and the Americans in Saudi Arabia.

Thirdly, the more complex a job is, especially anything involving process plant or heavy electrical equipment, the more likely it ia to be bandled by a highly industrialised country, although to an extent this is an assumption now being challenged in the wake of Sandi Arabia's rejection earlier of this year of "infisted bids" by Western companies.

Traditions

In a rapidly growing market like the Middle East some traditions are being elbowed aside. Japanese companies are making inroads into the West Germans' predominance in the harbour construction field. South Koreans have bad dramatic success in winning contracts in a region wbere they were previonsly unrepresented. Leading West German and Italian contractors are still heavily involved in Lihya, which their West European and U.S. counterparts bave tended to regard with a wary cantion. Yugoslavian concerns as well as indigenous Middle East operators, are taking an increasing share of the market.

There is no recent league table available of the countries winning construction contrscts in the Middle East, but the indications are that in terms of the world-wide predominance of the U.S. in construction work the Middle East is no exception. Though there may be fewer small U.S. construction companies at work in the region than those of other countries, a number of U.S. concerns have won some very large or "jumbo" contracts, such as that being undertaken by Fluor, Ralpb M. Parsons, Bechtel and Hndson McDermott for the Sandi gas connection system, which will cost more than $5bn.

Other major U.S. companies involved are Brown and Root which is, for instance, engaged in port construction in Iraq. Bechtel, which as a design consultant has become a specialist in putting together enormous packages, like Algeria's complex of natural gas plants at Arzew, near Oran.

U.S. companies are among them able to offer a full range of contracting skills, from consulting and design to engineering and construction. Tbere is also heavy concentration on complex process plant, such as the oil refinery at Jnbail in Saudi Arabia where Texaco and Socal have recently won a contract which conld be worth $400m. Such contracts provide much related work for U.S. suppliers, but the strong position of the U.S. in the Middle East — especially in Saudi Arabia, Iran, the UAE and Kuwait—conld be tbreatened by two recent pieces of legislation.

President Carter signed a revised law on June 22 aimed at limiting American companies' compliance with the Arab boycott of Israel. Two days before, the most recent conference of regional commissioners of the Arab Boycott of Israel Office warned that American companies violating its rules under the "pretext" of complying with domestic laws would be barred from member States of the Arab League countries and denied access to their raw materials.

Tbe new legislation is designed to prevent U.S. companies from refusing to do business with Israel either as a condition of winning contracts in the Arab world or on the basis of wbat they felt to be prudent; hoycotting other U.S. concerns in an effort to obtain Arab business; providing information to an Arab conntry about another company's relations with Israel; and providing negative certificates of origin. The legislation has aroused great concern among those companies doing business with Arah States and among groups who fear a worsening of America's already serious trade deficit as a result, even if they concede that amendments to the Export Administration Act finally adopted will make it "possible" to do business with the Arab world.

Much will depend on the administrative regulationa drawn up. However, the law does allow subsidiaries of U.S. companies operating in the Arah world to conform to local laws barring imports from companies on the boycott list, under certain conditions. In practice, it is feared by American businessmen that the legislation will affect smaller companies more than large ones, and in particular will discourage new entrants to the market altogether.

Apart from the effect of the anti-boycott legislstion on U.S. suppliers, construction companies are also concerned about a second new law, the 1976 Tax Reformation Act which reduces the tax concessions for expatriate Americans. Companies operating in Sandi Arabia already report having lost staff because financial considerations no longer compensate for the harsb living conditions. Amendment to the legislation is being discussed but may not come into effect before next year.

Services

Despite these problems the position of U.S. cootractors in the Middle East sbould remain relativaly strong because of the sophisticated services they can provide, but they find it harder to obtain the bank guarantees needed for peformance bonds than do construction companies from other countries. U.K. concens have also, of course, been inhibited by these requirements.

U.K. contractors are carrying ont many large contracts in the region—although virtually no "jumbo" contracts—and are continuing to enhance their reputation for a high standard of all round work. Yet there are several countries sucb as Libya and Kuwait where their representation is non-existent (despite the ubiquity there and elsewhere of British consultants).

Among the factors blamed for this are the relatively narrow asset bases of many British construction companies that have not expanded in lina with rising prices, a bigher rate of domestic inflatioo than that faced by foreign competitors, a traditional reluctance or inability (with some notable exceptions) to form consortia with other compsnies to bandle big projects, and, above all, the continuing problems of obtaining financial support for performance bonds, which can be called in at a moment's notice without explanation.

The Export Credit Guarantee Department provides support for bonds by indemnifying the company's bank or surety company, but no standard for counter-indemnity has been agreed by tbe banks and ECGD. No organisation in the U.K. will carry the responsibilities of the main contractor, although there have been efforts to involve the National Enterprise Board.

Efforts to reach some arrangement under which greater financial support can be given to British construction companies are continuing, since it is recognised that this is a crucial element enabling a company to bid for a contract.

In West Garmany construction companies benefit from the close relationship between banking and large-scale industry, the two being connected hy overlapping ownership. Very prominent in Middle East construction is Philip Holzmann, wbicb is heading a consortium to enlarge the Saudi port of Dammam, and Hocbtief, a member of the consortium building a new industrial port at Jubail. Apart from Libya, West Germany also figures in Iraq, where Thyssen is responsible for a petrochemical complex in a joint venture with the U.S. company Lummns.

At a conference nrganised earlier tbis year by the Middle East Economic Digest Mr. Dajani, of the Saudi Research and Development Corporation, held up the West German construction companies as an example of success resulting from good discipline and organisation. "It is a tradition among the Germans to be very disciplined, with tha result that they have been successful—but not in the very large projects, only in tha medium-sized ones in the remote areas where they have brought their own discipline and applied it to a particular project," he said. He contrasted tbe West German performance with that of U.S. companies which he said had tbe completely integrated systems needed to manage "mammoth" projects—such as the $3bn. Jeddah airport being handled by Bechtel.

While the interlocking ownership of banks and industry assists West German contractors, their French and Italian counterparts benefit from the fact that many of the banks in both their countries are State-owned, while in Italy some of the construction companies themselves are branches of publicly-owned concerns. Up to 40 per cent. of French overseas construction work is in North Africa wbere language and long-standing relationships assist the French presence. France also has a rapidly developlng presence in Iraq wbere it has recently won several contracts, including contracts for Creusot-Loire to build a steelworks and a sponge iron plant at Khor al Zubair near Basra.

The Dutch are inevitably prominent in the dredging and reclamation sector, which has been providing a spate of multi-million-dollar contracts as the region sees the laying down of a string of harbours, and while the landscape in low-lying areas like Abu Dhabi is changed. An example is the Stevin Group which has won some of the biggest contracts on bebalf of the Netherlands. It bas civil engineering, pipeline, hoosing and road building activities as well as dredging operatioos. Stevin is now one of the largest international contracting companies—not the least because of its Middle East business.

In a consortium with Bos Kalis and Zaanen Verstoep, Stevin is working on the Jubail harbour project, where it is bringing high qnality rock to the site in barges from its own quarry at Ras al Khaimah in the UAE. The quarry is also servicing tha consortinm's work at Dammam. The group has work at Umm al Qawain, Sharjah and Ajman in the Emirates.

Besides Western European contractors both Greece and Yugoslavla have a growing presence in the Middle East. Greek contractors are particularly prominent in road building, with Edok-Eter, among others, working in Saudi Arabia. In Yugoslavia the biggest name is Energoprojekt, one of the world's largest construction companies. It has completed projects in such Middle Eastern countries as Syria, Kuwait, Libya and Sudan.

Support

Yugoslavian concerns bave several major contracts under way in Libya (where East European contractors are also represented). One recently won a contract for bridge building in Sudan while another, Union Engineering, is building an air force bsse in Kuwait.

Government backing and easy access to finance play a crucial part in enabling Japan to move into the Middle East construction market on a large scale. In a joint venture Japanese companies are doing tbe bulk of the construction of the new airport at Ahu Dbsbi, while in the engineering field Mitsubishi is building a power station and a urea plant. Japanese concerns hope to win more contracts in this country because of credits which total $2bn.

But thougb the Japanese penetration of the Middle East has been impressive since the oil price hoom it is probably more than matcbed by the dramatic performance in the last three years of South Korean companies. Last year South Korean companles won $2.4hn. worth of construction contracts in 12 months, triple the total value of work ordered in the past three years. The bulk of the contracts are ln Saudi Arabia. At the end of March this year there were 34,250 South Korean workers in the Middle East and South Korea hopes to be able to balance its books on Middle East trade this year.

Among the reasons for the success of the South Korean companies is their tendency to bid 20 to 30 per cent. lower than others for a contract; the industriousness of their workers and the fact that the labour force, though imported, keeps itself to itself and causes few social strains in the country in which it is operating. It is not always clear whether South Korea's contracting companies operate profitably at the prices charged, and much is owed to the South Korean Government's financial support and determination to win foreign exchange for its own sake. But the South Koreans bave won a well justified reputation for the discipline, not to say regimentation of their workers.

At the Middle East Economic Digest conference Mr. Dajani said that Jubail, where Hyundai is masterminding the port construction contract, "is nothing more than a military barracks. We have seen that the most efficient, disciplined people bave been the most successful people in Saudi Arabia," be concluded.

South Korea recently achieved something of a breakthrough wben Hyundai won a $147m. contract for the electrification of the Asir region in Saudi Arabia. This takes South Korean operators into the capital-intensive higb technology work which has previously been the preserve of Western industrial countries. The particular contract was one of several for which the Saudi Arabian Government rejected British and Japanese bids as being too high.

Electrification contracts were awarded ln similar circumstances to the Pakistan Power Construction Company and the Bharat Company for Electrical Works of India. Saudi Arabia's action could weaken the grip that the highly industrialised countries have upon the high technology section of the market.

James Buxton

Clients impose harsh contract terms

INTERNATIONAL companies may find they have little choice but to turn to the Middle East in search of business because it is the region of the world promising more sustained growth than any other. Yet precisely for that reason it is a buyer's market in which the clients have continued to dictate terms of a kind immeasurably increasing the hazards of undertaking projects.

As much as ever it is a situation where the employer has all the rights and the foreign contractor all the obligations. Despite some improvements, terms generally are as harsh as ever—probably more so as competition has intensified. As a framework the conditions of contract of the Fédération Internationale des Ingénieurs—Conseils (FIDIC) are in widespread use, but are almost invariably altered to suit the interests and convenience of the Middle East client.

Even if some countries have in certain respects shown themselves more accommodating the general adherence to fixed-price contracts, the bonds demanded and the related guarantees, and the reluctance to allow for neutral arbitration of disputes, constitute a major headache. They are as inhibiting as ever, especially when added to the other problems posed by a harsh environment, labour shortages, transport congestion, local scarcity of materials and equipments, bureaucratic inefficiency and payment delays.

Bid guarantees from banks of 1 to 2 per cent. of prospective contract value are designed to discourage unsuitable contestants, prove good faith, and ensure that the winner does not withdraw after an award is made. Acknowledged by most contractors to be justified, they are the least of the problems in this area.

The performance guarantees (customary for 5 to 10 per cent. of contract value) continues to be a very real source of anxiety. Again, the principle behind it is reasonable enough—to bind the contractor to fulfil his contract commitments. In this respect it is no different from the surety bond. In the Middle East, however, it is not qualified by any wording protecting the contractor who does what he has undertaken to do. According to some observers, the raison d'etre of the classic performance or surety bond "is completely over-ridden by a payable on demand bank guarantee such as is required especially in the Middle East," in the words of Mr. Robin Newmark, of Willis Faber and Dumas, the London insurance brokers, in a key-note address at a seminar on the problems of turn-key projects in Stockholm a year ago organised by the International Bar Association.

Advance

Moreover, the need to cover the advance payments—which is interest-free made by governments to assist the contractor in mobilisation—anything from 5 to 30 per cent. of the project value—increases the liability still further. At the same seminar in Stockholm Mr. Newmark suggested that the need to supply this bond for the full amount of the contract over its total duration "arguably amounts to taking away with your left hand what you have just given with your right."

The total amount of guarantee covering performance and advance payments can amount to anything up to 40 per cent. of a contract's value. In addition, a retention money guarantee is also often demanded as an assurance of the quality or functioning of the project for a period of years until long after completion—up to 10 in Kuwait, which has been unique in making a contractor responsible for the consultant's work as well as his own. Bonds amount to what Mr. James A. Nelson, a vice-president of the Bank of America, described as an "open cheque."

Speaking in London earlier this summer at a conference organised by the Middle East Economic Digest Mr. Nelson said: "The probability of an arbitrary or capricious call on these guarantees in a country like Saudi Arabia is very slight. It is very unlikely due to the nature of the Saudis and their sense of a fairness." Over the past few years it is belived that less than half a dozen guarantees have been called in Saudi Arabia—none of them major or leading to the losses of banks involved. They would have accounted for a very small proportion of bond liabilities, of which the total outstanding is now reckoned to be \$7-8bn. In this context it should also be pointed out that the \$25bn. or so contracts being administered by the U.S. corps of Engineers do not exclusively require "on-demand" guarantees as they will accept traditional surety bonds.

Last year Saudi Arabia reduced its performance guarantee requirements for performance bonds from 10 to 5 per cent. and from bid guarantee from 2 to 1 per cent. in recognition of the difficulties facing contractors.

Saudi Arabia also ammended its tender laws to allow insurance companies to guarantee contractors but the former have looked askance at such "on-demand" instruments. Of more meaningful help was the decision to allow 45 approved international banks to put up guarantees directly, merely paying a fee to a local one as an intermediary at a reduced rate—which has had the effect of lowering charges if nothing else.

As far as guarantees are concerned, attention has focussed mainly upon Saudi Arabia because of the enormity of its development programme and contracts awarded there. But harsh unconditional requirements are the rule elsewhere too—with only very few exceptions granted.

In Iran, they do not apply to some defence projects such as the Isfahan ordnance factory and the drydock at Bandar Abbas, or others done for private sector clients. But generally Iran insists on them and should probably be regarded as a bigger risk than Saudi Arabia.

Guarantee

Concern about unconditional guarantee stems very directly from the Libyan revolution of 1969 when Col. Khedaffi's regime arbitrarily called in guarantees given on behalf of Italian companies. Earlier this year the dangers were highlighted when a Libyan importer exercised its option on an unconditional guarantee for over £50,000 to which Edward Owen Engineering was liable under the terms of a contract to supply greenhouses. In July the Court of Appeal in London dismissed an injunction sought by the company to restrain Barclay's Bank International from paying out the money which it had guaranteed. The fact that the Libyan buyer had not fulfilled his contract requirement for a confirmed letter of credit made no difference. The judgment was that only in exceptional circumstances such as a fraud known to the guarantor would the courts interfere.

Middle East States are sticking to fixed price, lump-sum contracts almost as rigidly as before despite the advantages for quick implementation from proceeding on a "design-and build" basis which necessarily means a cost-plus fee. With resentment over "inflated bids" having surfaced they are psychologically less inclined to contemplate escalation clauses even if some—faced with the realities of the situation are proving to be more accommodating.

Yet the difficulties facing the contractor for projects, especially complex turn-key ones, which may take three or four years to implement, are clearly immense and badly need spelling out. As Herr Hermann Becker, director of Philipp Holzmann for overseas projects put it at last year's Financial Times Conference: "It is the classic problem of the contractor that he sells his product before he makes it and not afterwards and he is therefore unable to adjust his sales price if his basic costs are different from those prevailing when his tender was prepared. Moreover, it is a symptomatic feature of our business that a large part of any construction project—regardless of whether stone, concrete, earth-fill or asphalt is involved—has to be carried out on the site itself and cannot be supplied from a factory or a workshop in the contractor's own country."

Phillip Holzmann is one of the contractors most heavily involved in the Middle East and apparently very successful there. Herr Becker nevertheless referred to the impossibility of taking account of an inflation rate of more than 25 per cent. annually in a "tender price which is supposed to appear reasonable, especially in the case of long-term contracts." He suggested that the only fair solution would be price escalation and revision clauses which would share the risk between the contractor and his employer. A formula for adjustment should take into account the cost of wages and salaries, cement, concrete aggregates, reinforcements, timber and inland transportation. However, few, if any, of the States of the region have any reliable indices, not the least Saudi Arabia.

Even so, in this area there has been some positive movement. Earlier this year the senior partner of the ubiquitous Sir William Halcrow, the U.K. consultants, felt able to say that his firm was involved in no fixed-price contracts but only ones based upon bills of quantity at unit rates. It is known, for instance, that cost escalation has been allowed for the Dubai dry dock being constructed by the Costain-Taylor Woodrow consortium. The same is true of the Arabian Ship Repair Yard in Bahrain, a pan-Arab project being pursued for political as much as economic reasons.

In Dubai there has probably been more flexibility than anywhere because of the Ruler's close relationship with both consultants and contractors. By contrast, neighbouring Abu Dhabi and the Federal Government of the United Arab Emirates remain firmly attached to fixed prices. However, the Saudi Government has recently granted inflation clauses making some allowance for labour and materials for such port contracts as the \$944m. industrial port of Jubail, another project supervised by Sir William Halcrow. More surprisingly, Iraq is prepared to contemplate escalation clauses for both imported and locally procured goods and services.

At a conference organised by the Financial Times last October, Mr. Majid al Jishi, Bahrain's Minister of Works, complained that initial estimates prepared by consulting engineers always grossly underestimated the final cost. He also said that the way in which tenders were drawn up made it possible for the contractor to claim more money when the client issued variation orders. Changes of specification are one of the hazards besetting contractors in the region and harsh interpretations often make it impossible for them to obtain any recompense for the extra expense involved. At the same time such variation orders are recognised as being one of the few escape clauses—the classic "let out"—from the strait-jacket of fixed prices.

Consultants have been increasingly blamed by client governments for the high price of tenders. They have been criticised for the differences between their original estimates and the level of bids made by Western contractors—a reflection perhaps of the sometimes long time-lags involved and the inflationary process as well as inaccurate calculations. The confusion is such as to suggest that the best solution for everyone might be a system of cost-plus. As it is, the preference for contracts of the fixed-price, lump-sum variety has only made more vital a less severe attitude to such questions as *force majeure*, changes in specifications, security of payment, and exchange rate fluctuations.

In the region the need to make provision for arbitration and even conciliation is now well accepted—but almost invariably there is an insistence on the part of the client that the process should take place in his own country's institutions and according to its laws. Under such arrangements the contractor can reasonably assume that the dice will be loaded against him. In Saudi Arabia the chosen forum is the Grievances Council whose deliberations are based upon the Moslem Shariah law. Some Westerners maintain that its concepts of equity and justice give an outsider as fair a hearing as any. Others view it with trepidation.

All, however, would prefer settlement according to the arbitration clause of the International Chamber of Commerce (ICC). In practice, a contractor's ability to obtain provisions for a neutral arbiter have depended largely upon the client's need for his services. Iran is reported to be more amenable now to the idea of international arbitration. Countries like Algeria which need suppliers' credits and long-term financing cannot be too adamant in dictating the use of their own procedures.

Arbitrators

Under the ICC system each side chooses one of the arbitrators while the third, whose view is normally crucial, is chosen by the Chamber itself. ICC rules also provide for conciliation through an intermediary which attempts to find a solution through compromise or concession. Middle East States, however, are not alone in regarding the ICC as a creature of the industrialised countries. Even more unsatisfactory to them is the wording in the conditions in the FIDIC form of contract which are based upon the ICC formula but give pronounced weight to the consultant's decision.

Draft revisions to the FIDIC "red book," which dates from 1957 in its existing form, are under consideration and awaiting approval by affiliated organisations—notably the Fédération Internationale Européenne de la Construction, the International Federation of Asian and Western Pacific Contractors Associations, La Federación Interamericana de la Industria de la Construccion and the Associated General Contractors of America. Several of those revisions are designed to give greater protection to the contractor.

Nevertheless, although FIDIC may provide the best available formula no one can pretend that it is an ideal one—not least because of the reservations and suspicions of the client States of the Middle East. The need for dialogue by both parties and agreement on terms is obvious. It also seems desirable that the leading exporters of contracting services—Western and Asian—should achieve some sort of common stance on the matter.

One body that has been looking into the whole issue is the International Bar Associa[...] committee on constru[...] which is building up a cor[...] information and also tryi[...] win support from v[...] national legal bodies in t[...] veloping countries. It ap[...] ates their objections to [...] FIDIC-approved ICC fo[...] and has been seeking to [...] tify possible alternatives [...] very concerned about the [...] bias against foreign contr[...] in the Middle East in the [...] mulation of contract terms [...] subject is also by a sub[...] mittee on general contrac[...] the Euro-Arab dialogue. F[...] part, the European Dev[...] ment Fund is attemptin[...] formulate a united approa[...] the Nine towards the que[...] —although as a provider o[...] it can hardly expect to [...] ence the oil rich.

In the meantime a vali[...] and forthright exchange of [...] between U.S., European [...] Japanese contractors and [...] clients took place last mon[...] a closed meeting sponsore[...] the Associated General [...] tractors of America, the I[...] national contractors' sectio[...] the International European [...] struction Federation and [...] Overseas Construction Ass[...] tion of Japan.

By nature and trad[...] Arabs and Iranians are [...] posed to drive as hard [...] bargain as anyone. As a gr[...] the oil producers have been [...] to dictate tough, harsh and [...] intimidating conditions on [...] international contracting in[...] try in exceptionally diffi[...] circumstances created by t[...] sudden prosperity. They [...] entitled to value for money [...] they may sooner or later pon[...] whether their approach to c[...] tractual relationships is hav[...] the desired result or is s[...] defeating. With competition [...] fierce, the clients of the regi[...] especially the more cre[...] worthy, are hardly likely to [...] abused—even if they w[...] occasionally in the less afflu[...] old days by some of the m[...] dubious Levantine concerns.

Richard Joh[...]

Coping with the complexities

. contractors, large ɔportunities in the bave provided a ɛase from the de- ɛct of world reces- cause of their size, eration and the ich they have been be totality of these constitute a head- ernational propor- ɑly for companies big prizes but also ing system, the in- iness and govern- construction busi- Middle East has ex- them to enormous iabilities.

ar ago a stockbrok- ɪalysis of the opera- e region observed: ty: eupboria abont tha orders being the Middle East to ɪctors, where indi- acts potentially ex- turnover, is now ced by competition can be most cynical ict cancellations, de- ients and all the inancial problems."

about the enormous nvolved is no way the U.K. The larger ɪctors are not only beavily engaged in East and seeing an proportion of their inted for by work —like their Britisb s—suffer from hav- w capital base. More- t are in private . And—again like peers—they do not se intimate relatinn- ɪrge banks or belong ɪglomerates.

. risk factor bas be- apparent to the in- industry as a whole. ɪe the insolvency of ɪngard, a West Ger- ctor, as a result of a ɔusing project in ɪich went awry has ɛring effect, even if ɛs arose from ex- ɛs, local Inflation and ɪth the labour force the calling of bonds.

ɑ bas been focussed ɟuarantees demanded by clients, requirements for unconditional bank guarantees which can be called without any recourse to arbitration or previously agreed procedures to judge the contractor's performance are not new to the region although they have become almost the norm there with the greater financial muscle of the oil producers since 1973. But the risks inberent in these instruments have been thrown into high relief by the magnitude of the projects entered into over the past few years, the number in which individual companies are engaged as a result of the intensificatinn of development in the region, and the high rates of inflation of the past few years.

Difficulties

The system poses particular difficulties for U.K. companies because the guarantees issued by the banks on behalf of customers constitute, in effect, loans. As such they are only drawn upon if the client calls the bonds. However bypothetical that possibilty may be, the risks are sucb that banks inevitably tend to connt the guarantees against contractors' credit lines even wben they are underwritten by the Export *Credits Guaraotee Department.* In practice, banks treat applications for guarantees on a "case by case" basis. For many customers they bave clearly been prepared to well beyond normal limits—if they had not the contractors would not have been able to take on the business which they bave in the region.

Insurance companies can also issue guarantees—though they do not bave the same degree acceptance in the Middle East as those given by banks.

Problems of financing and insurance were highlighted earlier *this year when* the Weir Group publicly threatened that it might bave to conduct its export manufacture abroad because of the *difficulties* experienced in securing financial guarantees when tendering for overseas contracts. Lord Weir, Chairman of the group, explained that with the rapidly escalating value of contracts British banks were becoming increasingly relnctant to support bonds on their own. Cover provided by the ECGD was of little belp because in the last resort responsibility and risk rested upon contractors and bankers, be said. He was speaking on behalf of many British businessmen who called for a "more radical and imaginative approach" by the U.K. Government whereby it might give backing of last resort to such guarantees beyond the ECGD's present cover against unfair calling of bonds.

Clearing banks, the ECGD and Lloyd's are currently discussing whether the insurance market cannot shoulder a greater part of the burden. U.K. banks are certainly worried about the growth of their liabilities on this score, a proportion of which may be unsecured. Frustrated contractors, anxious for more business in the region question whether they are not too cautious. It is suggested tbat the U.K. clearing banks do not bave the necessary expertise to evalnate the risks.

U.S. contractors have also had their own pecular difficulties. Federal banking lawa lay *fairly tight restrictions* on the issue of guarantees by banks and limits on lending to a singla customer. So, instead, they have *used standby letters of* credit (*which* technically are little different from guarantees). Until recently the monetary authorities ruled that these should all be regarded as loans and set against credit lines, although there bas since been an important qualification.

With confidence deriving from price stability at bome and their organisational efficiency, West German companies bave evidently found guarantee requirements much less daunting althougb Hermes, the quasi-state underwriting organisation does not provide coverage against unconditional calling of *bonds. One reason, no doubt,* is the fact that they bave close connection with the banking system. That, too, is true of Italy, France and Japan whose contractors appear also to have received exhortation and reassurance from their respective government of a kind that bas made formal underwriting of bonds unnecessary.

Tha state-owned Korea Exchange Bank bas acted as guarantor for the South Korean companies which bave been so successful in the region. Yet both this and the Central Bank in Seoul, of which it is an affiliate, have had to raise money on the international market to back guarantees. To finance performance and advance payment guarantees for the construction of the Ras al Gbar port facility, Hyundai Construction Company and the Korea Exchange Bank, as co-obligers, signed a syndicated guarantee facility worth $66m. with a group of 11 banks led by Citicorp International, the National Commercial Bank (of Saudi Arabia) and Westdeutsche Landesbank Girozentrale. Tbe enormity of the obligations bave begun to make it impossible for any one bank to issue a guarantee by itself.

Bank of America and National *Commercial* had previously pioneered a precedent in raising the equivalent of $214m. for the Jubail indostrial *port contract also* won by Hyundai. There have been others. In future there will be a continuing need to spread the load.

Scrutinise

Given the risks, banks have to scrutinise very carefully both contracts and contractors. At a conference organised by the Middle East Economic Digest earlier this summer Mr. James A. Nelson, a vice-president of the Bank of America, outlined the risks that a bank would bave to take into account as: the competence of the contractor, his capability to stay solvent during the life of a contract, ability to manage the *logistical* problems involved and the political context in which it was being fulfilled.

Speaking with special reference to Saudi Arabia—though the risks would apply generally—be referred to the need to know whether a contractor was over-extended, his safeguards against various inflationary factors, his knowledge of the various foreign exchange risks, and his ability to work in an environment "where the cash flow for the project is subject to a number of factors such as religious holidays, bureaucratic bottlenecks or other things which may lead to delays in payments on a day-to-day basis."

Decision

For U.S. companies the *position* has been eased by the decision last autumn by tha Comptroller of Currency that standby *letters of credit be classified as* contingent liabilities rather than loans, provided that cover for political risk is provided by the *Overseas Private Investment* Corporation, tha nearest American equivalent to the ECGD.

The insurance market has been able to take care of normal risks of loss or damage and give the cover required for bank guarantees as well as making some provision for non-payment, confiscation and currency fluctuations. A certain number of specialist firms bave been prepared lo issue guarantees to client governments of their *state* agencies at a cost *of* ½-3 per cent. per annum as long as certain provisos are met. Yet there are uoderstandable inhibitions where there are no exclosion clauses against unfair calling or conditions requiring the buyer to establish failure on the part of the contractor.

In sucb circumstances interest rates are very much higher. As underwriters, Lloyd's has reinforced some of the support given by the ECGD. The Lloyd's system rests upon arbitration in London—something that few Middle East buyers are prepared lo envisage. In practice, the maximum loss that it will contemplate is about $110m. Compared with bank charges the policies are expensive—a flat premium rate of 5 per cent. for the full duration except for Libya where it is 10 per cent.

The client governments much *prefer the simpler guarantee* requirements from 10 insurance companies in which they do not put the same trust. Last year's Saudi regulation which reduced performance guarantee requirements from 10 to 5 per cent. also permitted certificates issued by "a specialised and accredited insurance company," but more or less ruled out the use of such an instrument by saying that it would bave to cover at least 25 per cent. of the contract's value. If insurance companies were prepared to pay on-demand bonds there might seem to be an advantage for the contractor from the relief afforded to bis over-draft facility. However, any contractor that could meet the rigorous requirements of an insurance company could probably *obtain* the extra credit from his bank, anyway.

The ECGD has been in the forefront in the evolution of schemes as might be expected for a country where no less than 35 per cent. of exports receive state backing. Support for the issue of bonds began in 1975 and so far has been given for £153.7m. worth nf them (relating to a contract valne of £694.4m.) of wbicb £112.5m. or 73 per cent. was for projects in the Middle East. A bigh proportion — *£52.27m. in* bond coverage or 34 per cent. of the total—has been for contracts in Iran. Under active consideration for the region at present is another £723.62m. in respect of bids or actual contracts amounting to £2.75bn. Backing is given through an indemnity to a bank or surety company issuing a bond. The cost is 1¼ per cent. of the bond valne per annum to the exporter who has also to insure the guarantee provided by the bank or surety company. Tbe minimum contract value to qualify has been reduced from £2m. to £1m. and ECCD is now prepared to commit itself to giving cover regardless of wbether a bank or surety company has previously expressed its willingness to do so. The *facility* is designed primarily for government projects but the ECGD is prepared to consider private projects as long as the bonds are conditional.

Domestic inflation cost escalation is the second biggest pre*occupation of U.K. exporters.* The ECGD bas a scheme to cover it but contractors regard it as inadequate. It bas only been used half a dozen times—notably by Davey Power Cas for East European contracts. The ECGD also has a facility aimed at insuring a main contractor or partner against 90 per cent. of losses incurred as a result of the insolvency of a sub-contractor or fellow joint venturer. Apart from being expensive it is considered as totally impracticable and the general *feeling* is that better protection can be obtained from the Industries Act.

Like the ECGD, France covers against the unfair calling of bonds for clear political reasons through the Compagnia Française d'Assurance pour le Commerce Exterieur, the state-owned agency which is profit-making in intent and practice. For *anything else* COFACE requires a ruling in a court of law before paying out. It has provided the most generous *coverage against domestic* escalation of costs but this year modified the system in line with the European Commission's desire to see such schemes phased out. It also guarantees exchange rates, investments and prospecting besides more conventional export credits. As yet it bas no bond support scheme.

Support

The Netherlands also bas a bond support system, as does Belgium, with the state having counter-guaranteed advance payments since 1975. But the coverage, though fuller than the ECGD's, is more expensive. The Finance Ministry is currently contemplating the introduction of a package deal of mixed credits wbicb should also assist Dutch companies in winning Middle East orders. Insurance is given for foreign exchange risks.

Italy has been slow to evolve governmental mechanisms having in tho past left the business to the banking system which to a great extent is publicly owned. Next month a new specialist department of INA, the state-owned insurance company, will start operations. Initially coverage against political misadventure will be given — *with foreign exchange* and commercial risks to follow.

Japan's Ministry of International Trade and Indnstry starts a bond insurance from October with Y400bn. allocated for the first six months. As it is, exporters of plant bave enjoyed the substantial backing of the Export-Import Bank and the Overseas Economic Co-operation Fund. Guarantees for South Korean contractors from the Koraan Exchange Bank, at a 0.3 per cent. interest rate which was recently put on Saudi Arabia's approved list together with tha equivalent Taiwanese institution, seems to bave obviated the need for special insurance schemes for bonding. They also enjoy the same tax benefits and special low-interest loans as commodity exporters.

Sweden offers only guarantees against payment defaults, like those offered everywhere for exports of goods, to contractors undertaking work overseas.

The U.S. takes a similar view regarding close links between governments and companies as counter to the free-market process. OPIC only assumes political risks. The official American view is tbat the private sector sbould bear the commercial risks of any project and that support schemes of other industrialised states bave put deals with Middle East countries in a government-to-govarnment framework. The result has been poorer technology and services at greater cost in the American view. It is certainly possible to argue that Middle East clients are doing themselves a disservice through their demands for unconditional guarantees.

R.J.

Joint ventures offer the most scope

THERE CURRENTLY exists a curious state of affairs in which the majority of U.K. civil engineering contractors acknowledge the vital requirements for joint venture work in the Middle East and yet still invariably refuse to have anything to do with it.

Even those who do participate in such deals tend to approech the arrangement as something of a necessary evil rather than one to be positively encouraged and in this respect their attitudes seem to be light years away from some of their toughest competition.

It has to be said at the outset thet there are some substantial exceptiona to the rule. There are now the classic examples of U.K. co-operation oo Jumbo contrects, such as the Taylor Woodrow and Costain link-up in Dubai to extend Port Rashid io e £120m. contract, as well as on the £162m. dry dock complex. Taylor Woodrow also has a partnership errangement in Saudi Arabia while Costaln, for examp'e, through Costain Blankevoort is working with the Dubal Transport Company (Gulf Cobla) on the massive Jebel All Industrial city and port complex. Still in Jebel All, Balfour Beatty is working as part of an international consortium on the port development work, although the company is strangely reluctant to divulge any details of the project or let anyone see bow work is progressing.

Specific

In Sandi Arabia, Laing and Wimpey have joined forces with a local company end are handling over £40m. worth of business, while Laing has joint venture work in Iran. So local partnerships eod joint ventures devised for specific projects are not exactly rere, but the evidence nevertheless suggests that it is the non-U.K. companies who ere more readily prepared to entertein the team approach and who, consequently, are winning much of the large work.

In the last few deys alone, a £146m. contract for university buildings at Dhahran in the eastern province of Saudl has gone to Consolidated Contracting, a multi-national group, while a Saudi-Cypriot joint venture has won a £41m. housing contract in Jubail. Perhaps the best, and most regularly repeated, example of multi-company co-operation are the Sonth Koreans, who can and are mobilising large numbers of component organisations to work together on mammoth contracts. Their style is being watched anxiously by many other countries, some of whom are already showing signs of emulating them.

But if U.K. thinking is generally lagging behind in this respect, what are the contractors major objections to the new trend? Some of their reluctance can simply be put down to innete conservatism in an industry where skills and techniques heve been slowly and expensively developed and stamped with a particular company's own brand of philosophy.

There is a reluctance to impart information and experience to outsiders, whereas the orderly pooling of ideas and resources seems to come more naturally to many foreign contracting companies, whose desire to win business often seems to overcome the more domestic considerations such as intercompany rivalry and pride.

Problems do arise, however, ea even the most successful joint venture operators will concede. One of the best European examples of a construction gronp that has grown rapidly in overseae markets, often through the use of joint venture projects, is the Stevin Group of Holland.

A civil engineering and dredging to bousing, pipelines and roads group, Stevin was formed only seven years ego with the merger of three Dutch companies and is now the second largest international construction company based in Holland. At the moment, it bas work througbout the major markets of the Middle East and says it bas over £50m. worth of dredging equipment alone in the region.

In Saudi Arabla, Stevin is working as sponsor with two other Dutch companies, Bos Kalis and Zaanen Verstoep as the Jubail Harbour Consortium. Between them they are engaged on a 1.3bn. guilder fixed-price contract which forms part of one of the most massive maritime engineering projects ever planned.

Work on the twin-harbour site, which for the consortium involves the provision of a causeway and dredging and reclamation work, has been running up to six months late, not because of any problems concerning co-operation but because of early ground difficulties, bnt the team is catching up and the first berths should be ready by March of next year.

Stevin, as part of the Harbour Consortium, also has work to the south at the West Port development in Dammam and at Al Khobar, as well as work on its own in the United Arab Emirates. Apart from dredging and reclamation work in the Emirates, notably the Umm al Qawain creek development but also in Sharjah and Ajman, Stevin bas its own quarry in Ras al Khaimah, with some 40m.-50m. tonnes of rock available for use on its contracts throughout the Gulf. Extraction began in April last year and the stone is principally being sbipped by barge to the Jubeil and West Port harbonr projecta in loads of np to 16,000 tonnes a time.

Outset

But although Stevin is outwardly confident about working in the type of joint venture operations it currently bas underway, its management team does concede that there are potential problems of philosopby and managemeot style. The important thing, they say, ia for these differences to be identified at the outset and to be overcome before the management team actually begins work.

Once the project is underway, Stevin insists, then the team must not show any sign of its differing origins aod must work as a single unit with allegiances, energy and effort all directed towards the job in hand. It may sound a little too much like textbook procednre but it is questionable whether many U.K. contractors would happily contemplate such a totally integrated management system on contracts where several companies can be involved.

Such is the size of many of the contracts now being let — how much longer they will continue to become available is another matter — that a joint approach is often the only conceivable route to take. Even the largest contractors do not bave the resource to tackle jumbo jobs single-handed and few would in any case be prepared to take the risks involved. Risks, therefore, are spread both geographicaly and financially to provide a sound basis for future expansion.

Some contractors do go it alone on large contracts representing in themselves a large proportion of their total turnover. Marples Ridgway, for example, is now tackling a £50m. road contract in southern Iran and its success will be fundamental to the company's future.

It is an open secret that Marples first attempted to join forces with other contractors in an attempt to spread the significant risks involved, but there were no takers. Undaunted, the company went ahead on its own in the belief that the going would be tough but that if it could complete the road contract then its experience would stand it in good steed for almost anything else that came along.

Some have said that the decision was just a little too risky and that the gamble was too risky. Marples, bowever, despite the problems which it has confronted on the contract, are confident of the outcome and actively looking for work to follow on after the road's completion.

Choice

But if the choice is between "going it alone" and possibly risking everything or finding a partner, on the understanding that their association is temporary and may not be repeated, most contractors will either leave the work alone or go for joint ventures.

The simplest joint venture arrangements arise when two or more companies, in an increasing number of cases from different countries, make a joint bid for work. When two partners are involved, one usually acts as the managing partner and if greater numbers are involved then one partner organises the bidding function.

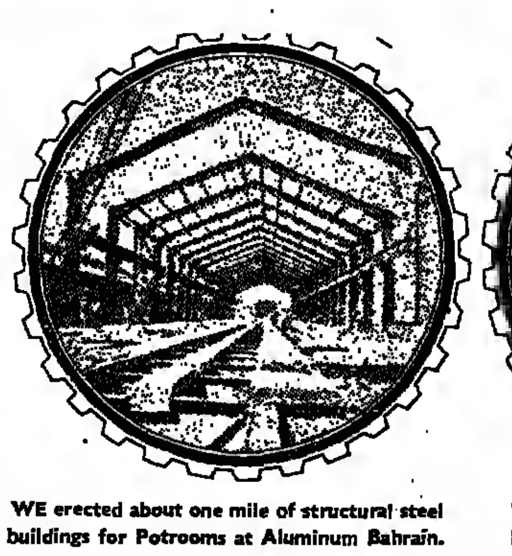
A decision for two companies to combine o[n a con]tract is normally made the pre-qualification pe[riod] before any bid is actu[ally sub]mitted. It can, neverth[eless, be] formed after the bid is [made] or even after tender acc[eptance] provided the client is [agreeable]. The company sponsori[ng the] venture does not ne[cessarily] have to participate as a [full] partner in the cons[truction] stages, his function p[rimarily] being to organise and [handle] pre-qualification arrang[ements,] tender preparation an[d sub]sequent dealings with th[e client] and his consultants. Fo[r carry]ing out this task, the [sponsor] receives a percentag[e fee] charged to the other jo[int ven]ture partners.

This type of arran[gement,] however, has found only [limited] appeal among many con[tractors] and most now seem to p[refer a] joint responsibility a[rrange]ment, sharing contingent [liabili]ties throughout the con[tract.]

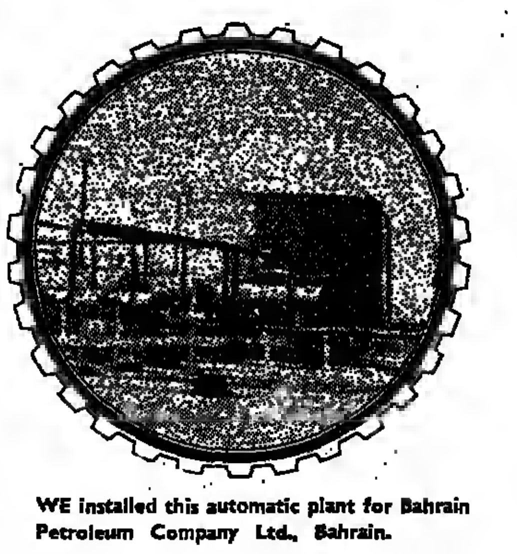
Although, as already [men]tioned, the sharing of r[isks is] a major consideration f[or con]tractors, there can al[so be] benefits through joint ve[ntures] simply in terms of asso[ciation] with a company which [has a] good reputation in a par[ticular] market and may also [have] particularly good relatic[ns] with those responsible fo[r mak]ing business available.

It is with this in min[d that] most local partnership[s are] struck, though not nece[ssarily] on the basis of 50-50 pa[rtner] participation in actual co[nstruction] work. Contacts are all-i[mpor]tant in a market wher[e a] range of skills on sale [from] contractors and profes[sional] teams drawn from all ove[r the] world is fairly comparabl[e and] where the extra edge can [make] the difference between f[ailure] and success.

Michael Ca[ssell]



WE erected about one mile of structural steel buildings for Potroom at Aluminum Bahrain.



WE installed this automatic plant for Bahrain Petroleum Company Ltd., Bahrain.

Port congestion easing off

LARGELY BECAUSE the vast Middle East developments projects were set in train before the area's ports had been modernised, they bave suffered considerable delay as e result of port congestion, although this now appears to be being overcome.

Indeed construction of new ports end transformetion of ancieot ones, built originally for dhows, to enable them to handle to-day's modern cargo vessela, ia an integral part of the Middle East development programme.

Against this background it was inevitable that the excelerating volume of imported materials, plant end machinery would lead to widespread congestion with goods piling up on quays and queues of ships waiting to discharge.

To some extent the coogestion favoured shipowners who were often bappy to receive demurrage charges for vessels which, beceuse of the downturn in world trade, might otherwise have been laid up. With everyone along the line able to cover themselves by levying congestion charges, the real losers were the Middle East states themselves.

This was soon realised and crash programmes to reduce the congestion were introduced. For the most part they heve proved very successful, altbongh in some ports the situation has worseoed over the past year. Prime examples of successful attecks oo congestion are Jeddah (Saudi Arabia) and Khorramshahr (Iran) where average waiting times of 150 aod 200 days respectively in March 1976 have been virtually eliminated. The other side of the coin is represented by Dubai and Kuwait both of which have about 90 vassels waiting to discharge which could take between 30 and 50 days.

In a recent study, sbipping consultant H. P. Drewry estimated that some 1,500 sbips totalling 21m. dwt were tied up in congested ports, many of them in the Middle East. But the overall view was thet Middle East ports would be congestion-free within the next year or two and thet the apectre of congestion would sbift to the poorer Third World ports.

Moves

Behind the existing and forecast improvement in Middle East port congestion is a variety of moves including atrong government action to ensure the swift transfer of incoming goods eway from the quayaides which were, in many cases, boing used as cheap warebousing.

Other methods of attacking the problem include far greater use of roll-on-roll-off services ano temporary port structures, and assistance from Western consultants and port managers. Increased air freight and overland beulage movements have also helped to beat congestion.

Despite all these novel schemes, much of the credit for clearing the immense backlog from Saudi Arabia's two main ports must go to two British management companies, Gray Mackenzie, and Gulf Port Management Services (a joint venture of the Mersey Docks and Harbour Company and Scruttons).

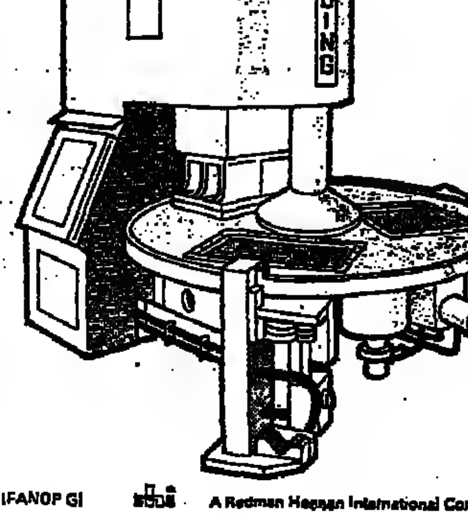
The two companies brought in their own staff and within e year the discbarge rate at Jeddeb and Dammam had improved to such an extent that congestion surcharges were removed. Apart from removing the initial congestion, one of the main elms of the Gulf Port Management Services team in Dammam was to train staff to fill the gap that existed between the very senior port management and the foremen or superintendents.

The most significant contribution to defeating congestion bas probably come in the form of the mushrooming ro-ro services and the introduction of other specialist techniques designed to bypass the overworked conventional berths, including the use of helicopters to unload cement from vessels standing off Jeddah.

Where ro-ro berths are available, the swift turnround times and the avoidance of delay compensates for the fect that the expensive ro-ro vessels have to return from the Middle East empty. Where proper ro-ro facilities are lacking, ingenious new systems bave been devised including ro-ro barges pulled by tugs, lighter aboard ship (LASH) vessels and containerships which are able to unloed their units by the ship's gear onto pontoons.

The Red Sea and Gulf ports are fortunate in that the rise and fall of water levels is small, allowing temporary piled jack-up piers to be used. These have already proved their worth in Mina Sulmen, Dammam and Aqaba. Another innovative system is employed by the Japanese NYK Line which continues to operate conventional ships to the Gulf where they are serviced by a 3,203 dwt open hatch 'tween decker fitted with twin hetcbes, deck cranes, fork lift trucks and two ramps.

This vessel, the Hokutu Maru, is moored alongside conventional vessels on their arrival



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ange of problems posed by labour

HORTAGES con- major constraint nt throughout the particularly in es rich in capital population. Quali- nals, semi-skilled workers are all ost of the expand- narkets and, as a ge-scale migration from outside and ie region has been wing trend.

tractors require fied management, ugh not always, om their home a team of crafts- ers and clerical vn from wherever lable at reasonable resence of around jes in the Middle rction sector illus- t that manpower is and found through- l and that the client continue to rely on ational manpower r as long as they iction work carried

almost as many wards manpower among contractora contractors them- me recruit almost team from the bome tably the Koreans, reeks and Indians, construction indus- irly well developed labour is relatively other contractors employ a blend of ontract.

the South Koreans t successful propn- army approach to work. As the vice- one large U.S. con- t it: "The team is army: plan, train, y, manage and win

men

ith Korean army, national service, pro- 4,000 skilled crafts- year and they are chance of an early if they elect to work- seas construction pro- Koreans complete the ning, organise them s, provide uniforms d shin them to a site dle East which is not tho camp they have . The resulting team ed and efficient.

the same U.S. con- tinued, "These men arkly with the agri- rker from the oppo- of Asia, lured from fields by poverty and e of overseas riches." iited these workers ie mercy of their ind an unscrupulous an provide the very of facilities on the whatever conditions hey are better than those which the labourer has left behind. They may also summarily decide to reduce his wages because of his work rate, although he may well still be paying a percentage of his regular income to the man who recruited him at home.

The situation is not always that black, and indeed most respectable contractors understand that it is in their best interests to maintain a reasonably happy and stable force of immigrant labour. It is certainly true to suggest, however, that the bigger the mix of nationalities on any one job, the more problems the employer can expect to face.

His considerations have to extend to take account of such differences as language, religion, working habits and diet and his skill at accommodating the diverse needs and peculiarities of his workforce will play a major part in his overall success.

To-day, must contractors employ reputable agents in locations where labour is readily available, such as India and Pakistan. The men are selected and flown out on one-or-two-year contracts, although it is not until they arrive that the full extent—or lack—of their skills becomes determinable. Many are found not to possess the training claimed, but contractors will more often than not downgrade them and keep them employed.

The trend is to establish labour camps close to the construction site and to provide workers with all the necessary basic amenities. Indeed, it is a condition of most contracts in the Middle East that the workforce is recruited outside the country in question and that the contractor takes full responsibility for their welfare while they remain.

This usually extends to the provision of quarters, invariably an air conditioned unit shared by several others, canteen facilities—invariably a case of curry for breakfast, lunch and tea—and medical services. Contractors have begun to experience difficulties in keeping some of the labour recruited in this way.

Aware that, having acquired some training and experience, their value may have risen significantly, some workers have attempted to get home so that they can obtain fresh employment for themselves in the Middle East at better rates. The favourite trick, according to some contractors, has been the *telegram from home outlining* the details of some domestic tragedy and calling for the man's immediate repatriation. The discovery that most of these exercises were prearranged has made contractors a great deal more wary and more often than not incidents of this type are now checked out before any employee is released.

A contractor's manpower problems are by no means confined, however, to his labourers. The recruitment and maintenance of a top class management team can prove equally difficult and while at least the organisation of block work permits and charter flights from Karachi may not be necessary, there remain equally time-consuming and tricky problems to surmount.

For the expatriate team, there may not be the problems of religion or diet, but their organisation and settlement can represent a *major challenge* to a company which, on its home ground, has rarely had to consider itself responsible for every aspect of the employee's *day-to-day life*.

Attraction

There can be little doubt that the major attraction of the Middle East to the expatriate worker is quite simply the money. Salaries can be two or even three times higher than might be the case at home, providing any work was available, and in most countries earnings are tax-free. The chance to work in the Middle East, therefore, represents a chance to accumulate a level of funds which is rarely possible at home.

It is only fair to add, however, that most expatriates would point out that while money is a big attraction, the *demanding nature of some of* the contracts now in hand and the additional responsibility which team members can expect to take on also provide good reasons for heading for the Middle East.

Money apart, standards set by most European contractors *for their management team* are surprisingly high, considering some of the locations in question. Most companies provide camps for bachelors and families and sites invariably offer a range of amenities, from schools, shops and clubs to swimming pools, that satisfy most employees. Leave arrangements, with flights paid home, are also generally good.

For the employer there will be few problems in recruiting people from home if he ranks among the larger contracting operations. He will have the talent to draw upon and usually *a fairly long list of people* willing to have a go in a new country. One potential problem the employer must bear in mind, however, is maintaining a flexible enough system to enable the reintroduction of his overseas management men if and when this becomes necessary.

For the small operator, however, immediate difficulties can arise when he attempts to find the skilled and experienced people required to service an overseas contract. He may well be forced to recruit from outside and here he can encounter problems.

With few *internal resources* to call upon, the smaller contractor may find himself hiring a virtually unknown quantity just when he needs to be able to depend on people of the highest ability, personnel able to cope *with a new and demanding* physical and business environment, to handle jobs larger than his company has been used to and to remain sensitive to local cultures and customs.

Several medium to small sized contracting operations in the U.K. have reported difficulties in this respect and have invariably reverted to relying on their own, relatively inexperienced, people, *rather* than trust the fate of their company to outsiders.

One problem in selecting managers is to weigh age and experience against youth and enthusiasm. Clients in the *Middle East* usually respect age, but the older man may find it much harder to adapt to the new conditions he must expect to confront. Many contractors have settled for a blend of both.

On a wider issue, the general flow of labour throughout the Middle East, wherever it originates, is significant to the region's economic growth and change but it has not to date been evaluated in detail. Now, however, the International Labour Office has commissioned the International Migration Project which will assess patterns of labour migration in the Middle East and project them to 1990.

The project *will* examine demand and supply of labour, *country* by country and on varying educational levels. Predictions about the balance of labour supply and demand will then be made and developers will hopefully be able to allow for constraints imposed by a lack of skilled or unskilled workers. At the same time, the labour *flow* into and out of each country will be predicted and sources of necessary labour within the region will be easily identified.

Assessment

A preliminary assessment has already shown that *limited* supplies of unskilled labour, apart *from* the better known shortages of skilled manpower, began to inhibit development as long ago as 1963. Already many of the shortcomings and limited numbers of local labour have, as previously mentioned, been partially overcome by the immigration of Asians.

Patterns of movement within the Middle East are evolving. Turks have begun *migrating to* Libya while there are plans to help Moroccans to move to Saudi Arabia. There are also signs that all levels of Egyptian and Sudanese workers are migrating, giving rise to official concern in these countries.

Apart from the dangers of a drain in indigenous manpower resources, the question of *political risks* involved in drafting in large numbers of immigrants, often underprivileged, workers is now being considered. Social inequalities can be a breeding ground for discontent and the ability and desire of the host nations to assimilate foreigners could play an important part in determining whether the large-scale influx of outsiders, necessary if the Middle East boom is to continue, will prove a manageable or an intractable problem.

M.C.

Congestion

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in the Gulf from Japan and palletised cargo from the larger ship is loaded into the smaller ro-ro vessels using the conventional ships gear. When her full cargo has been taken on board, Hokuto Maru moves to the berth and the cargo is transferred to the Line's storage areas using either *fork lifts* or *trucks*.

Huge trucks are also used by European hauliers who were quick to take advantage of the situation by opening up overland routes to the Middle East, thereby bypassing the congested ports.

Combination

But a combination of long journey times and small vehicle loads—a road vehicle can transport only about 120 to 160 tons of cargo a year—will almost certainly ensure that these long hauls decline as congestion eases. There is in fact already a discernible *trend* away from the long overland runs and towards integrated services with ro-ro operators—that is, transporting cargo inland from Middle East ports.

Air freight to the area has also received a fillip from port congestion. But while it continues to expand by about 15 per cent. a year it seems unlikely to attract *more than* just the smaller more valuable and/or urgently needed cargoes, especially once congestion is eliminated.

All the indications are that the *Middle East* is steadily moving from a period of insufficient port facilities, and therefore widespread congestion, to one where there may well be too many facilities.

Ambitious plans to provide additional berths are already well advanced and these are certain to eliminate congestion as they come on stream. They include provisions of *27* extra berths at Jeddah, 16 new piers at *Dammam* (making 37 in all), nine more berths at Yanbo and the development of several smaller ports.

Ro-ro, air freight and overland haulage operators are all likely to feel the pinch as a result of the anticipated continued swing to fully cellular containerships and back to conventional cargo ships as these new facilities are completed.

There are signs, however, that the *swift growth* of container services between Europe and the Middle East may result in an imbalance between the container and break bulk handling facilities and that some conventional berths now under construction may be obsolete before they are completed.

Roy Rogers

Growing need for domestic industrial plant

ONE OF the most immediate and most publicised responses of the Arabian Peninsula oil exporters to the revenues explosion of 1974 was to plan massive construction of heavy industry in their States. The idea was to take advantage of their seemingly unlimited financial resources and their massive production of gas associated with oil to build huge capital- and energy-intensive export-orientated process plants.

These would not require imported raw materials for the most part. They would need minimal labour forces to operate and would bolster the States' income in the 1980s when crude oil exports might cease to provide all of their needs for revenue. Because it is expected that the Arabian Peninsula States' reserve of gas, including unassociated gas, will last longer than their reserves of oil, it was also thought that the new industries would take over as the main source of income in the more distant days when oil production would actually start running down.

To make the output of these plants competitive in the consuming countries with the output of plants in more conventional locations, it was thought that it would be sufficient to lay on supplies of cheap or free gas as fuel and feedstock. After all, it was reasoned, although some of the associated gas production (about 50 per cent. in Kuwait and 20 per cent. in Saudi Arabia) was used productively for power generation, small local industries, export as natural gas liquids and reinjection, most of it was simply flared and, in effect, going to waste. It was approved that in these conditions there was nothing to be lost by virtually giving away the gas to industry—especially when it was borne in mind that it would be impracticable to export most of it as a fuel.

For methane (ordinary mains gas in the West) the potential markets were nowhere near big enough (or the amounts of gas available. For ethane (petrochemicals feedstock or a minor constituent in mains gas) there was no export market at all, because the liquefied gas could not hope to be competitive with naphtha, the normal petrochemicals feedstock, in Europe. The heavier natural gas liquids, on the other hand, were considered exportable—even if, with the projects completed and being implemented, there is now a danger of over-capacity for such products.

Income

At the same time, it was reckoned, in accordance with the oil exporters' philosophy of giving the maximum added value to their product, that the net foreign exchange income from the output of the planned process plants would (in theory) exceed the net foreign exchange income from gas exports, even if a market for the gas were to appear.

The industries considered under the heading of heavy process plant (including some ... do not fit in entirely with the comments above) were: aluminium and steel smelting, fertilisers, various different petrochemicals, protein, oil refining, natural gas liquids and, for a very small proportion of the gas involved, liquified natural gas (liquified methane).

The producing states of the Arabian Peninsula and the Gulf already had some of these industries operating on an export scale in 1974 and have brought one or two more on stream since. There are big export refineries in Saudi Arabia, Kuwait and Bahrain, though all except one of these (Kuwait's Shuaiba refinery) were or are still owned and run by the former oil concessionaires and have their output marketed by the concessionaires' own distribution networks. In addition there are NGL plants in Qatar (where the installations were largely destroyed by an explosion earlier this year), Kuwait and Saudi Arabia—the last of these plants being operated on the same basis as most of the refineries; there are three fertiliser plants—in Kuwait, Saudi Arabia and Qatar; an LNG plant in Abu Dhabi; and an aluminium smelter (ALBA) in Bahrain.

MIDDLE EAST CONSTRUCTION PLANT & EQUIPMENT MARKET

	Working population	1976 Unit sales	1976 Average local retail price ($000)	1976 Market ($m.)	1981 (forecast)* Unit sales	1981 (forecast)* Average local retail price ($000)	1981 (forecast)* Market ($m.)	% Change over 1976 $	% Change over 1976 No.
Hydraulic excavator (360° slewing, tyre and crawler mounted)	3,015	613	78	48.1	1,000	84	84.1	75	63
Backhoe loader (180° slewing back actor, front wheel loading shovel)	1.605	645	26	16.7	1,295	29	37.7	126	101
Rubber-tyred wheel loader (including wheel dozers)	18.270	3,430	79	272.6	4,540	86	391.4	44	32
Crawler-mounted loader	3,980	820	83	68.0	1,115	89	98.7	45	36
Crawler-mounted dozer (used with or without blade)	20,330	2.865	108	309.2	4,270	112	476.5	54	49
Motor scrapers (one and two engine and elevating)	1.650	362	189	68.4	455	208	94.6	38	36
Motor graders	9.005	1,395	98	137.0	1,680	105	177.2	29	20
ALL EARTHMOVING EQUIPMENT	57,855	10,130	91	920.0	14,355	95	1,360.2	48	42
Rear dump trucks (off-highway, payload over 14 tonnes)	1.167	368	120	32.2	555	133	73.7	129	107
Other construction transport (mainly tippers above 16 tonnes gross weight)	45,200	13,630	36	486.2	16,100	40	645.7	33	18
ALL CONSTRUCTION TRANSPORT	46.367	13,898	37	518.4	16,655	43	719.4	39	19
Roadmaking plant (pavers and finishers)	1,836	406	99	40.1	511	105	53.9	34	26
Vibratory rollers (above 2 tonnes unit weight)	4.900	1,321	33	43.6	1,845	37	68.4	57	40
Static rollers, self-propelled	4.770	769	25	19.6	940	28	26.3	34	22
Mixing and batching plant (concrete and asphalt)	1.989	449	96	43.2	719	105	75.7	75	60
ROADMAKING PLANT AND ROLLERS	13.485	2,945	50	146.5	4,015	56	224.2	53	36
Truck cranes (lattice boom with 10 tons or more lifting capacity)	4.700	720	113	81.6	590	145	85.4	5	−18
Truck cranes (telescopic boam) and rough terrain cranes (10 tons or more capacity)	3.880	1,401	136	190.2	1,900	154	292.5	54	38
Crawler cranes (8 tons or more capacity, including dragline specifications)	4.525	654	137	89.4	805	146	117.9	32	23
Tower cranes (all specifications)	3.150	935	77	72.2	1,720	89	151.6	110	84
ALL CRANES	16.255	3,710	117	433.4	5,015	129	647.4	49	35
Site dumpers (front and side dumping skips)	25.200	8.690	6	52.0	12.440	7	86.6	66	43
Drilling and piling plant	2,740	755	33	25.2	1,220	37	44.6	77	62
Diesel generators (portable 10 kVA and over, including welding sets)	33,250	10,200	13	130.7	11,300	13	148.7	14	11
etc. (mechanical plant only), assessed in monetary terms only	1.680	380	130	49.4	569	141	80.1	62	50
PRECEDING FOUR CLASSIFICATIONS	62,870	20,035	13	257.3	25,529	14	360.0	40	27
Other related equipment: pumps, compressors, drum mixers, hoists, etc. (mechanical plant only), assessed in monetary terms only				382.0			683.0	79	
TOTAL MARKET	196,832	50,708	45	2,657.6	85,569	50	3,994.2	50	29
1975 total market	176,710	55,631	45	2,842.1	55,631	45	2,842.1		
Change of market 1975-76 (%)	11	−9	0	−6.0	18	11	41.0	41	18

* In 1976 prices, disregarding inflation.

Source: Plantecon (Overseas) Research, London.

During the past three and a half years the list of new projects discussed and studied has been a very long one. Anyone not closely involved could be excused for assuming that a large number of new industries must by now be under construction. But, in practice, there are relatively few projects either being built at present or subject to firm construction contracts. Those that do fall into this category are: NGL plants in Kuwait, Saudi Arabia (Juaymah), Qatar (in addition to the reconstruction of the existing plant), Abu Dhabi and Dubai: petrochemicals plants in Qatar (polyethylene) and Kuwait (aromatics); a refinery in Abu Dhabi; an aluminium smelter in Dubai; a second fertiliser plant in Qatar; and a steel mill in Qatar.

At a somewhat earlier stage of development, undergoing design engineering or advanced studies, and beginning to look like probable starters, are: export refineries in Saudi Arabia (one at Jubail and one at Yenbo), Dubai and Kuwait (involving the expansion of Shuaiba); an NGL plant in Saudi Arabia (at Yenbo); petrochemicals plants in Saudi Arabia (four plants undergoing design engineering and one at the advanced feasibility study stage) and Kuwait (ethylene): a fertiliser plant in Abu Dhabi; and steel mills in Saudi Arabia (Jubail) and Dubai.

Realisation

Other plans have had to be scaled down when governments have realised that there will be less natural gas available than they had originally believed. This has happened as the fall in oil production levels (both anticipated and actual) has underlined the fact that the volume of gas output is wholly dependent on world oil demand. Unless the new plants are to operate well below capacity they should be built with minimum oil production levels in mind. The only ways of avoiding this would be to produce cap gas (which lies above oil in the reservoirs, having separated from the crude as production reduces the pressure of the reservoir) or to discover and bring on stream fields of unassociated gas, either of which could be used whenever oil production drops below the critical level. But neither of these solutions would be satisfactory. The first would involve a further and unnecessary reduction in reservoir pressure. The second is somewhat dubious because unassociated gas would be unlikely to contain anything like appropriate quantities of ethane (for petrochemicals) and natural gas liquids, whilst also be inappropriate for use even as a methane feedstock for fertiliser production.

Apart from prompting a scaling down of industrialisation plans, these considerations have also led governments to be more careful in deciding what plants they should build—trying to make sure that the ones they opt for eventually will involve the most profitable use of their limited resources.

These processes have been fairly apparent in Saudi Arabia, where, without there having been any official announcements, Petromin is now gearing its gas gathering system to cope with a normal oil output in the early 1980s of 10m. barrels a day instead of 12m. b/d. Because of soaring costs it is also radically reducing the amount of ethane it hopes to get out of the system. Both of these changes will involve fewer industries being built than there would have been under the original plans.

Similarly, in Qatar now that the national oil company is rebuilding its original NGL plant as well as constructing new facilities known as NGL II, the total NGL capacity planned is actually less than was envisaged before the oil price explosion.

Meanwhile Kuwait has abandoned projects for a steel mill and an aluminium plant not only because of manpower considerations, but also because it felt that an NGL plant and associated petrochemical plants would involve a more profitable use of very limited gas resources. Now it has embarked on building an NGL plant which would involve the state having to run oil production at 3.3m. b/d if existing installations (for power generation and sea-water desalination) are to be operated at capacity. In the last two years Kuwait's oil output has not averaged much above 2m. b/d, and at times it has dropped well below 1m. b/d. In future Kuwait will have to embark on some aggressive oil marketing, or resign itself to having an NGL plant which will be able to take full advantage of surges in production but which for much of the time will be operating well below capacity. In these circumstances it may be difficult to market the additional NGL which will be produced during periods of high oil output.

A third factor prompting a reassessment of industrialisation plans has been the danger of surpluses. For most projects marketing will be the responsibility of the foreign partners rather than of any local state entity, but the governments are still very much aware of the possibility of overproduction if the countries of the region opt for a large number of similar plants. With this danger in mind they have recently established the Gulf Institute for Industrial Co-operation. (Apart from arranging for members to co-ordinate their heavy industrial plans, the Institute will be taking an active role in promoting joint projects in the lighter industrial sector.) Although plants in this area are not export orientated, there are obvious advantages in economies of scale in seeing that such medium-sized industries as glass and bottle making should be built to serve the region as a whole.

The dangers of overproduction by new heavy industries are seen at present in NGL, petrochemicals and oil refining — though in the latter two the problems are relatively small. For refined products there is clearly going to be a huge expansion of the regional market over the next ten years, even if quite a big part of the extra demand will be met by facilities likely to be built in the consuming countries. Given the fact that apart from the Abu Dhabi project, none of the new plants will be on stream before the 1980s, the companies involved as foreign partners are taking a fairly relaxed view of the situation. With petrochemicals also, it is thought that the huge expansion of the world market expected over the next 15 years should prevent the danger of surpluses becoming a reality — provided that the Arabian Peninsula plants are sufficiently competitive not to encourage the construction of more new plants elsewhere than are planned at present, and provided that the Gulf plants avoid massive duplication of a particular product, ethylene for instance.

For NGL a surplus seems almost unavoidable. The existing plant of the Arabian American Oil Company in Saudi Arabia already accounts for 40 per cent. of the NGL producing capacity of the non-Communist world outside North America. Even in its scaled down form the new Saudi gas gathering and NGL export system combined with the existing facilities would have an ethane and NGL producing capacity as big as the entire present capacity of the non-Communist world outside North America. It is already significant that last year the Aramco facilities ran at only two-thirds of their capacity. By the mid-1980s, which is the date by which all elements of the new Saudi system should be complete, it is true that the world market for NGL should have expanded considerably—but probably not by enough to cater for Saudi Arabia's potential output. (Beside Saudi Arabia's system the other plants in the Gulf will be relatively minor—together equivalent to less than a quarter of total Saudi capacity.)

Apart from this one industry, the anxieties of all parties have

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South Korea's answer to its oil bills

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to a dramatic increase in exports to the area as well. As a result, Seoul now looks cautiously forward to earning $1.7bn. on exports to the Middle East this year to pay for $1.7bn worth of oil it will import. It is a feat which looks all the more impressive since few other countries which depend almost entirely on the Middle East for energy have managed to pay their oil bills fully with increased exports to oil producers since the oil crisis.

For South Korea, the boom is not yat over. In 1973 exports to the Middle East amounted to only $50m. By last year, they bit $900m. and rising. It will not ba easy to reach the $1.7bn. target this year, but Korea can still rely on the massive construction contracts of 1976 to pull in sizeable orders for matarials and equipment. Certainly, that is the experience of the past two years.

Contracts

Between 1973 and 1975, Korean construction companies went from zero to $863m.-worth of contracts in the Middle East, about three-quarters of them in Saudi Arabia. At the end of that period, some 6,500 Koreans were working on Middle East projects to build housing, port facilities and the like. And commodity exports to the region rose to nearly $450m. in 1975, before doubling again last year. Most, but not all, of the increase in exports is directly attributed to construction contracts, although a large component of advanced equipment on construction projects was supplied from elsewhere, notably Europe.

In 1976 the economics of Korea's construction business in the Middle East changed dramatically. Led by Hyundai's billion-dollar contract to mastermind and build the port of Jubail in Saudi Arabia, Korean companies secured $2.4bn. in construction contracts in a single year, that is triple the amount in the three previous years combined. Saudi Arabia, for its part, continued to take an even larger portion of Korean construction bids in the Middle East, accounting for a little over $2.1bn. in 1976. Still, in 1976 the Saudia were only taking 40 per cent. of Korea's exports to the region (and 70 per cent. of Korean workers in the Middle East). So the mushrooming of contracts last year is bound to lead to a massive increase in exports to Saudi Arabia ($362.5m. last year) which could then push total exports to the region near to the target.

Statistics for the first quarter of 1977 show that the boom was still under steam. Construction contracts for the first three months were reckoned at $825m., or faster than the quarterly average in 1976. A further 6,500 joba were created for Korean workers, who totalled 34,250 at the end of March. And there is evidence that exports were running at about twice the year-ago level.

Of course, there have been bottlenecks and other problems for Korean companies operating in the Middle East. Pay differentials between Knrean and Europaan construction companies led, in March, to serious unrest at the Bij Jubail port construction site where Korean workers were protesting barsh working conditions and wages as much as 40 per cent. below those paid on other sites by European employers. Responding quickly to the unrest, Seoul announced that it would enforce equitable wages for all Korean employers in the Middle East by introducing what the Government's Labour Affairs Office calls a "standard wage contract" system. Under the system overseas contractors must now submit details concerning pay and working conditions for their Korean personnel before clinching a contract. In cases where the conditions are seen to fall below "standard," Seoul reserves the right to withdraw permission for the company to build overseas. The new system is expected to iron out differentials between Korean employers (which can be substantial), but there will still be a gap between them, on one hand, and European construction groups on the other.

Bottlenecks

A further bottleneck in securing construction contracts will be the difficulty of finding cheap but advanced capital equipment. Until now, the firms have concentrated mainly on roads and housing contracts which require very little "value added" in the form of plant, but it is clear that profits will be much larger in full-scale plant exports of the sort Japan has concentrated on in the Middle East. (Last year, for instance, Japan's worldwide overseas construction contracts amounted to only $1.1bn., less than half Korea's contracts in the Middle East alone. On the other hand, Japan's plant exports were $8bn. last year, up a third on 1975.)

Korean suppliers are limited in the range of equipment they can offer along with their construction services, but the range is expanding steadily. There is already ona cement factory on order, and recently Saudi Arabia said that it would place orders for three petrochemical plants with Korea before 1980. Korean companies were scouting Middla East markats for other turnkey orders for relatively simple plant exports, although they do not expect any real boom for another year or two, not least because most of the big companies are already overbooked with orders for construction work. But at Hyundai, for instance, the international branch of the conglomerate is in charge of the group's new advanced machinery division as well as plant exports, and the director of both, Mr. Chung In-Yung, hopes to proceed into both sectors in tandem, with plant exports feeding back profits into building more advanced machinery.

Meantime, Hyundai Construction is counting on Hyundai Shipbuilding and Engineering to do much of the supply work connected with its major Middle East construction contracts, and the orders (principally for offshore structures) have been a welcome respite from the downturn in ship orders in the last year.

Other big Korean conglomerates are getting into the Middla East construction game much later, because until now the construction firma have held sway. But in the course of 1977 most of the big industrial groups without construction interests will have acquired some. The Lucky Group, for instance, is starting from scratch with its Lucky Development Company. Sunkyung Group and ICC Corporation, two ganeral trading firms, are shopping around for small construction companies, and the biggest industrial giant, Samsung Group, recently took over the Tongil Construction Company. (Samsung is also actively moving into plant export through its Samsung Heavy Industries Company.)

For now, there are few doubts that Middle East construction will continue to be the mainstay of Korea's presence in that region, but there has been a spin-off from the boom in other industrial ventures outside the construction sector but also in the Middle East. Notable among these is the recent decision to build a silk plant at Dammam in Saudi Arabia, a venture between Youngnam Silk Industry (which is putting up $10m.) and the local Al Jaboua Trading Company ($7m.). Korean exports will especially benefit from the venture's long-term plans to import about $10m. annually worth of raw silk to be processed in the factory.

Douglas Ramsey

TOTAL EXPENDITURE FOR CONSTRUCTION IN MAJOR MIDDLE EAST AREAS
($m.)

	1975	1976	1981 (forecast)*	% change 1976-81	1976 per capnt ($)
Iran	7,560	6,300	8,100	28.6	183
Gulf†	2,160	2,100	1,800	−14.3	807
Saudi Arabia	6,030	7,400	6,000	−18.9	1,088
Iraq	3,400	2,750	3,800	38.2	243
Syria, Jordan, Lebanon‡	(1,250)	(1,300)	1,900	(46.2)	144
Egypt	2,000	1,850	2,700	45.9	47
Libya	1,800	1,700	1,900	11.8	654
TOTAL§	24,200	23,400	26,200	12.0	220

* In 1976 prices, disregarding inflation. † Kuwait, Bahrain, Qatar, UAE, Oman. ‡ Lebanon 1981 only. § Including military projects, but not the cost of land or planning fees.

Source: Plantecon (Overseas) Research, London.

Plant

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been focused less on marketing than on the basic economics of projects. It ia significant that the NGL plants will be Government-owned and will not involve foreign partners. Everyone is very much aware that in the past most of the concessionaire-owned and operated heavy industries in the Arabian Peninsula beyond tha stage of simple crude oil production have been financially disastrous. Theae include the Shuaiba refinery in Kuwait (which experienced severe technical problems and was cut off from its markets shortly before it began production by the closure of the Suez Canal in 1967), the Qatar fertiliser plant (hit by technical problems necessitating long closures in its early stages), the Kuwait fertiliser plant (afflicted by marketing problems and the world surplus of the late 1960s and early 1970s), and the Saudi fertiliser plant (technical problems, which have so far prevented it from nperating at more than 55 per cent. of capacity).

It is the memory of these problems which has prompted Saudi Arabia and Qatar, in particular, to undertake future projects in joint ventures with foreign companies. This is to give the contractor/project manager/marketer as much of a vested interest as possible in the success of the project—even though the experiences of the Kuwaiti and Qatari fertiliser plants both of which involved foreign partners (BP and Gulf Oil in Kuwait and Norsk Hydro in Qatar) show that this is not an infallible formula for success.

Foreign partners involved in current Qatari projects are Kobe steel, Norsk Hydro (in the second fertiliser plant) and CdF Chemie (in the petrochemical plant). In Saudi Arabia proposed partners are Shell, Mobil, Exxon, Dow and Mitsubishi for petrochemical plants, Shell and Mobil for refineries and Korf-Stahl for the steel mill.

Advantages

For the joint venture companies which will own these industries there are certain economic advantages in nperating in Arabia. They can anticipate cheap loans, nominal land rants in the new industrial towns, tax holidays (or complete freedom from tax), and, above all, cheap gas as fuel or feedstock. (In Saudi Arabia the cost of gas for the proposed new industries has not yet been fixed, the agreement being that when each plant comes on stream a price will ba calculated which will give the owners a profit of 15 per cent. a year on their equity capital, a rate of return which the Saudi government now regards as being the standard for all industrial enterprises. This formula may, of course, involve an industrial venture getting its gas free—as tha fertiliser plant does at present.

Depending on whether or not market prices are charged, water and electrical power may be either more or less expansive in Arabia than they would be in established industrial areas, but there are some features of operating in Arabia which are definitaly disadvantageous. These are the 20 to 40 per cent. higher capital investment required, the higher labour costs (with savings in social security contributions and in salaries at certain levela being offset by the need to pay for bigger fringe benefits and a bigger labour force), the lack of a skilled local labour force with any significant experience, the greater possibility of breakdowna inherent in the severe environment of the Arabian Peninsula (the problems of the Saudi fertiliser plant, for instance, stemmed from brackish water causing severe corrosion in the cooling system), the need to operate additional special processes such as the refrigeration of coolants, and the difficulties of repairing breakdowns quickly in a non-technological society where expertise and spares are not close at hand.

Above all there are the high rates of inflation which are an integral part of fast development. Because trade is conducted almost exclusively in dollars in the Arabian Peninsula, a high rate of inflation internally does not tend to depress the parity of the local currency and so increase the competitiveness of locally produced goods in both the domestic and export markets. This may mean that in a short space of time — between a decision being taken to go ahead with a project and a plant coming on stream—inflation may make the output of a new export-orientated industry uncompetitive with domestically produced goods in the countries to which the plant is selling.

Michael Field

Big British presence

BRITAIN'S BUILDERS and civil engineers are alive and well and, more often than not, making money in the Middle East.

The British presence in the oil rich—and not so oil rich—nations of the region is in many cases a strong one and while there will always be the inevitable, and sometimes justified, criticism that greater effort could bring even bigger rewards, the U.K. construction fraternity is by and large keeping abreast of some very exacting competition.

The goodwill that can still surround British activities and personnel around the world certainly extends to many parts of the Middle East, where the U.K. contractor and engineer is respected as an operator with strong professional and business ethics, who is trustworthy, reliable and usually competitive.

If all that sounds like an advertisement on their behalf which is likely to raise a few sniggers among observers at home, it merely represents an unsolicited amalgam of the characteristics most repeatedly used by the clients in the region when they are asked to sum up the U.K. contractor.

Queuing

That is not to say that potential clients are exactly queuing up for favour of consideration by a U.K. operation. At a time when many of the world's construction industries are facing recession in domestic markets and the Middle East represents one of the few global markets undergoing rapid and wide-scale development, the acquisition of any work can be difficult even for the most favoured of competitors.

So far, however, the British contractors can be seen to have done a fairly good job in selling themselves to customers who have the pick of the world's best from which to choose.

The region is not a new one for many of the U.K.'s largest civil engineering operations, who have a long tradition of working overseas. Some of them have been in the Middle East for thirty years or more and in that time have been able to build up the sort of stable client-contractor relationship which all the newcomers envy and wish to emulate for themselves.

There is, however, a danger in familiarity. One of the biggest potential pitfalls for any contractor well established in the region—British or otherwise—is his belief that his traditional ties will prove sufficient to generate ongoing business. The Middle East construction market is possibly more competitive now than it has ever been or will ever be again and there are already some notable cases of contractors having business, which they simply assumed to be theirs, swept away from under their noses by an aggressive newcomer.

It is a view often expounded by the largest contracting operations in the Middle East that there is little room left for any operation which has not by now established good contacts, learnt the peculiarities of the individual markets in question and got some successful contracts behind him.

Recent events have proved, however, that the clients are prepared to fundamentally rethink the existing orders of things and, apart from any other consideration, their belief in some instances that contractors have been exploiting their wealth in the form of inflated bids, seems certain to lead to a much closer watch on "established" contractors and their tenders. It is under conditions like these that the arrival of highly competitive newcomers—witness the South Koreans—can expect to do well.

It is as much the prevailing attitudes and traditions within client nations as any actual physical and geographical differences which make the Middle East market a series of wildly diverging market places rather than a comprehensive whole and each of them has to be treated differently by the company seeking work in them.

Construction is no exception and there are good reasons why British contractors' experiences have varied enormously throughout the area; why some countries offer considerable volumes of work to them and why others prove impossible or imprudent to penetrate.

In the United Arab Emirates, for example, a distinct and well-established approval for many British business techniques and standards, borne out of a long association with the U.K., has opened up the contracting market for British operations. Again, competition is intense but the British have been doing well.

When the demand for construction work shot up almost overnight, most of the Emirates found themselves with small, inefficient building industries offering low standards of workmanship. They were weak in terms of self-organisation, particularly in the building as distinct from engineering side of the business, and were often incapable of providing the services required to finish off any development.

Standards have since improved significantly, with the result that local contractors are winning back some of the business which, by default, they lost to foreign competitors. The trend means that medium-sized contractors — including some from the U.K.—may now find it more difficult to pick up work while newcomers may have to wait one or two years to pick up any business at all. The outlook in the Emirates looks best for specialist contractors, who can expect another five-to-ten years of business in a small market place where the present momentum of construction must soon begin to slow down.

In contrast, the Saudi Arabian market is large and potentially medium to long term, although winning business for the British has been a difficult task. While there are more U.K. consultants operating in Saudi than any other national contingent—names include Sir William Halcrow, Robert Matthew Johnson Marshall, White Young, JDM Watson and John Taylor—little of the work designed by them has gone to British contractors.

While some of the U.K.'s failure in Saudi must be attributed simply to what is perhaps the most intense competition to be found in any of the Middle East countries, there is also a clear case of unwillingness to participate.

Hospitable

For if the Emirates seem hospitable, Saudi can at times appear quite hostile. Earlier this year, the market place changed quite dramatically when Saudi rejected what it described as inflated bids by Western and Japanese companies for power projects and stated that it intended to show the country was not "easy meat" and that while companies were not expected to lose money they would have to adopt a fair attitude towards profit margins.

There has, without doubt, been some very high tendering with bids three or four times as high as consultants' estimates, but contractors are quick to point out that they are faced with fixed price contracts—as in most Middle East countries—and high inflation rates.

The Saudi's refusal to contemplate cost escalation clauses or even cost plus contracts has been sufficient to put many contractors off, and Saudi Arabia's contract conditions are generally accepted as harsh and restrictive.

Contracts do not contain any allowance for "force majeure" or even recognise the possibility that sometimes delays can be brought about by circumstances totally beyond the control of the contractor. Usually, no provision is made either for independent arbitration and disputes are normally referred to a grievances board which has a reputation for finding the foreigner at fault.

In addition, contractors also face the prospect of changes in specifications which Ministries can often make, without any recourse to compensation. Delays in progress payments are also fairly common and can cause severe operational problems for the contracting operation. Penalty payments and a wide range of bonds add to the potential problems.

It is certainly true that foreign contractors are now less daunted than they were a short while ago by the guarantees demanded by the Saudi Government, although the problem does still remain. The problems, it is important to stress, are not Saudi's alone but it is the sheer size of many of the contracts which have been or will be let which has magnified the difficulties.

But contracting, as the saying goes, is all about solving difficulties and while Saudi Arabia may be a market which has so far escaped U.K. contractors — a pity, as it represents the largest and potentially best source of business for years to come — they have proved far more successful elsewhere.

To compile a list of the contracts which British builders and civil engineers are currently working on or chasing in the region would, on their own, fill a survey, but a resumé of some of the work being done by the largest and most successful U.K. contracting companies provides a profile of the type and size of work now being undertaken.

In Iran, a market which until now has not proved too easy for U.K. companies, Marples Ridgway continues work on its near-£50m. contract to drive a 310 km. road across desert and mountains in the southern part of the country close to the Pakistan and Afghanistan borders. Work started in the spring of 1976 after some serious mobilisation problems and it is expected that the contract will be completed towards the end of 1978 or the beginning of 1979.

The road's construction has meant the provision of around 1,000 culverts and bridges — together with a series of short tunnels — and Marples has a workforce of about 1,700 employed on the job. The company hopes its experiences will lead to other work in what is potentially a major construction market.

Programme

Among the biggest contractors, Costain continues its extensive works programme in Dubai, Abu Dhabi and Oman. Over 20 per cent. of group turnover comes from the region and just over a week ago it was announced that the company had won a £12m. turnkey contract for a container terminal at Jeddah.

Taylor Woodrow, which has been operating throughout the Middle East for over 25 years, has a long list of contracts in the region. In Saudi it has work through its local company and is heavily committed in Oman. In Bahrain, work has started on a £20m. Hilton Hotel contract and in Dubai it is operating with Costain in the dry dock and Port Rashid joint ventures. The company is also in Jordan and Iraq.

Bernard Sunley con[...] be a major force i[...] where work on the [...]tional Trade Centre, alone at £109m., is s[...] for completion at the next year. Among ot[...] tracts now in hand, Su[...] a £4m. contract for Bank of Credit and C[...] building in Abu Dhabi, hospital project in Qat[...] £7m. police building e[...] scheme in Dubai. Su[...]rently has £140m. w[...] business in the Gulf, ac[...] for about 80 per cent. [...] over, and more contr[...] understood to be in t[...] line.

Included in the long [...] contractors is Lain[...] Wimpey, who are [...] together in Saudi, and which is just comple[...] extension to the Ajmai[...] development among it[...] contracts and is also [...] a £50m. tunnel under t[...] Canal.

Other names include [...] now providing managem[...] two 14-storey flat devel[...] schemes in Tehran, Ceme[...] and Higgs and Hill. Howard International—5[...] old this year—is cu[...] working on contracts [...] nearly £34m. in Bahrai[...] Dhabi, Sharjah and Qata[...] Lesser Building Systems, has been supplying h[...] accommodation to the c[...] construction industries [...] Middle East for 30 yea[...] among its contracts bee[...] viding bungalows for Howard personnel at w[...] Qatar. The company ha[...] won a £2m. contract to p[...] villas in Jeddah and is [...]tiating further contrac[...] Saudi, Qatar, Bahrain, Ira[...] Iran.

U.K. Government takes an interest

THE GESTATION period may have been unforgivably long, but there is now sufficient evidence available to suggest that the U.K. Government is taking the construction industry's export drive—particularly in the Middle East—much more seriously.

Ministers used to urging machine tool companies and car companies to sell more aggressively overseas have woken up to the fact that the foreign earnings potential of British builders and civil engineers—even excluding the professionals and their "invisible" contributions—is huge and that their efforts abroad are worthy of considerable support.

It may, the cynics will say, simply be a case of Government being unable to overturn the depressing state of affairs in the domestic construction market, largely brought about by their own public expenditure decisions, and deciding to place full emphasis on whatever is left for them to promote, namely overseas work.

But whatever the reason, the overseas activities of U.K. contractors seem no longer just a matter for individual enterprise but more a focus for some sort of national effort. It is a trend which is surely long overdue but one which now appears to be catching on fast.

It has been a long standing, though not always fair, criticism that U.K. Governments of all colours have generally been far less prepared to assist in the overseas efforts of construction companies than many of their counterparts. The need for an appreciation of their contribution and for a more centralised exporting effort is something for which the industry itself has regularly pressed but which, until recently, has met with little response.

Now Government has begun to pursue a more active role in the search for overseas contracts, even to the extent of the National Enterprise Board joining in consortium with contractors to bid for work.

Further and continuing involvement by the NEB may help to ease one of the major inhibitive problems facing U.K. contractors seeking business in the Middle East in particular. Compared with many of the European competitors, as well as those from further afield from places like Japan, British contractors face substantial problems in obtaining from their banks the necessary guarantees which are invariably treated as part of their total line of credit.

In West Germany and Japan, for example, ownership of industry and banking tend to interlock much more and sources of finance respond much more readily to the challenge, while in France the predominantly state-owned banks react more predictably to official directives concerning assistance.

There is no suggestion that NEB participation in schemes, broadening the capital base of consortia who are exposing themselves to large contingent liabilities, is in itself an answer to the industry's difficulties but the NEB's emergence as a participant in joint ventures abroad is indicative of the new wave of thinking.

Though not exclusively aimed at construction companies, the new arrangements for the tax treatment of employees living in the U.K. and working abroad provide another indication of the importance now being attached to the country's overseas selling efforts and were as much a result of heavy lobbying from the contracting and professional sector as from any other. Contractors have consistently pointed out the enormous differences in tax status between many of their own employees and those of many of their competitors and that recruitment for them has often proved difficult because of the prohibitive tax situation.

Exemption

At present, exemption from U.K. tax rates only applies if an employee's earnings are from a separate employment, the duties of which are wholly performed abroad, and he is absent from the U.K. for a continuous 365 days a year or more. There is a 25 per cent. deduction if he is absent for a shorter period.

From this year, however, a person may qualify for the deduction whether the overseas work is performed under a separate employment or as part of the duties of an employment which are also carried out at home.

An employee working abroad for a continuous 365 days or more will be exempt of tax while someone who works abroad for a total of 30 days or more in a tax year, whether continuously or in aggregate, will be entitled to a deduction of 25 per cent. from the earnings before tax rates apply. There will also be more generous treatment of expenses incurred in travelling between the U.K. and overseas employment.

While on the subject of direct financial incentives, the Overseas Project Group is continuing to develop the use of its special fund, from which it will contribute up to 50 per cent. of the precontractual expenses of companies or groups bidding for large contracts—those likely to generate more than £10m. worth of orders for U.K. goods and services or £1m. in fees when consultancy contracts are concerned. Funds for this type of help are, however, fairly limited.

The OPG forms part of the British Overseas Trade Board, which is comprised of businessmen as well as representatives of several Government departments. The Board offers a wide range of exporting services, from providing market assessments to information on tariffs and import regulations. It will also help in locating agents or representatives.

The OPG itself represents [a] central reference point for contractors seeking official sup[port] during the pursuit of over[seas] contracts and is one of sev[eral] Government-sponsored organisa[tions] which have been avail[able] to help promote over[seas] business regardless of the pre[vailing] climate in Whitehall con[cerning] the priority which [ex]ports should have.

Another major plank of [the] Government's assistance [pro]gramme for operations d[oing] business overseas is the Ex[...]

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Consultants make an impression

;IR efforts might ;one upsung, the f overseas con- :ats by U.K. con- ations has been country's receot. nents.

from the U.K. are around the world national presence in the range and ervices they are the Middle East. ars, Britain bas range of con- es which embrace ecialist and multi- tions and apart beer professional y have establisbed s a reputation for nd high standards ı keeps them con- ıand.

lnde consulting w bandling a 5bn. worth of con- —as well as arcbi- ırs, town planners t consultants who matters as diverse s and golf courses. ldle East, where generally in good ills and experience consultant is play- part in the region's

th the contractors an appreciation of t nature of the narkets is an essen- isite to any con- ess. For many, of eas work in chal- ets is nothing new a staple part of s, but there aro many potential pitfalls which the newcomer has to confront in trying to sell his expertise.

As a recent guide to consulting engineers considering work abroad polnted out, the requirements of the international market for consulting engineering services must first be fully understood. To assume that they wore merely an extension of the U.K. demand or that U.K. methods of operating need only need adjustment for local conditions is quita wrong. The differences, it stated, between the U.K. and international requirements were far more pronounced than many imagined.

It continued: "Apart from a knowledge of the bi-lateral and multi-lateral loan and aid agreements and conditions, there are many different facets to be appreciated. Competition exisls. Competition of a rough and sometimes none too ethical nature not experienced in tho U.K.

Ethics

"Not only do competitors from other countries openly sell their services in a manner foreign to the othics and standards of the British consulting engineer, but it is almost impossible to know the extent to which others are being sponsored." Help can and does range from direct Government assistance, either of a monetary, political or diplomatic naturo, to personal pressure and in some cases U.K. practices were slow to realise this.

The consultant must alan expect to be confronted with occasional problems over payment. A client can examine plans and specifications but make clear his resistance to the idoa of paying simply for several pieces of paper. Alternatively, thore may bo a change of government batween eward and completlon of the commission, the new administration having completely differing views about honouring its predecessor's obligatlons.

As the same guide, "Consulting Overseas," made the point that "Much more emphasis must be placad on the personal compatabillty of the consultant with the client than in the U.K. "A five second lapse in this dlrection, alboit unintentional, can wreck years of work establishing good relationships."

Selection of the correct level of tecbnology is also important. Thera must, on the part of the consultant, be due regard to what already exists in the market in question and what must be added to produce the method of implementation which will best exploit the capital being invested. In the purely technological field, there are few things which set the Arab countries apart from the rest of the world in terms of problems confronting the engineor.

It is his job to set the scene to implement new projacts, to mobilise other branches of the industry, contractors and suppliers, so that they can combino to ensure construction and completion. There are, however, somo operational factors which the engineer will find are not nocossarily peculiar to tho Middle East but certainly more commonplace.

A major factor, according to a U.K. consultant taking part in a recent confereoco in Bahrain, is time—or rathar lack of it. There is a tremendous urgency attachod to almost every project now under way in the Middle East, with a high element of competition between different countries within the region to be first to complete building programmes. The consultant may accordingly have to do a lot of arm-twisting to cut his times, and those of the contractor. This urgency is not, however, always seen to be felated to an early commercial return on invested capital bur it is just as likely to be the result of an overriding desire to complete social and preatigo projects before one's neighbours.

This urgency, as the consultant pointed out, can sometimes conflict with tha professional caution of the consultiog engineer who can sometimes be cast in the role of a stubborn mulc when he is in fact merely trying to protect the interests of his client.

Another situation which consultants may encounter is one of conflict between two requirements of their Arab clients. Under certain circumstances, the client makes it clear that he is employing foreign consultants because he wishes his works programme to incorporate the latest in thinking and techniques but at the same time he is anxious to ensure that his local resources and contractors are fully utilised.

While the cliont may well appreciate that neither he nor his local builder has the necessary expertiso to carry out work on his own, he will still expect the consultant to marshal local resources and adapt their abilities to meet the required levels of expertise.

Process

This process puts the consultants in a completoly different role to the one which be usually plays. Normally he expects to supervise the quality and cost accounting of a project on behalf of his client, relying on tha contractor to contribute his own skills and experience in both building and project management. In addition, when the engineer is also directing the local contractor on how to do the job, the question of liability for an inferior end result can be very confused. So, in a nutsbell, the consulting engineer has to learn to compromise. On the one hand he has to respect the wishes of his client to have the best that his money will buy while, on the other, be must learn to adapt his design to local resources and to meet the capabilities of iodigenous skills.

The consultant can also find himself on sticky ground when it comes to the matter of recommending acceptance of tenders. The problem is essentially a conflict of what is best and what is cheapest and the Arab cliont usually, though not exclusivoly, believes that the cheapest is best.

If tho coosultant, on the other hand, does not agree that the work should go to the lowest tonderer then he may confront serlous problems in attempting to convinco his client that his advice should be heeded.

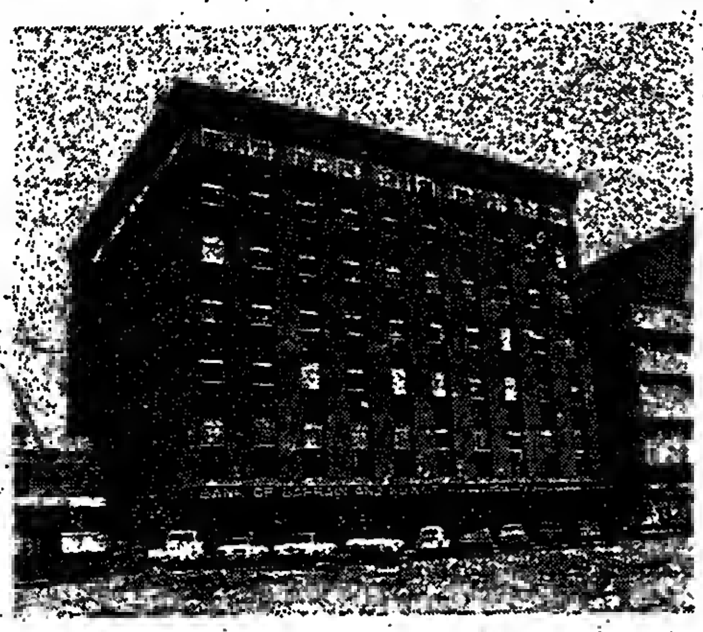
Life for the consulting engineer is not all problems. His status is generally very high throughout tho region and, whether his is providing a full service including detailed design and working drawings or merely offaring a conceptual design aod outlining tho parameters of the project, his opinions and decisions are valued.

According to one British consultant: "If things go wrong sometimes it is usually because the system is overloaded by the abnormally high level of activity which is now going on in the region. It can also be due to a failure in communication between the clieot and his consultant and the coosultant is probably responsible for much of the blame; he has not done his research on his client thoroughly enough and he has not made sufficient effort to make bimself and his position properly understood."

As far as the promotion of U.K. consultancy services is concerned, the British Consultants' Bureau has recently become a focal point for their efforts. The Bureau, formed in 1965, has 200 of the largest consultancy firms in the country as members and provides extensive support and advice for consultants, large and small seeking or undertaking work overseas.

The Bureau is aware that despite the foreign successes of U.K. consultancies, there remain plenty of business opportunities and the current success rate, in terms of commissions, could be increased still further if the effort was better organised at home. The message from the Buroau is one of combining together and attack outwards in order to ensure that the British army of consultants, one of the nation's most impressive "invisible" earners, wins more of the tough business battles overseas.

M.C.



The Bank of Bahrain building in Manama, one of Debenham Tewson and Chinnocks' early management projects in the Middle East.

Interest

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Credits Cuarantee Department, set up to assist exporters of goods and services. ECGD insures them against the risk of oot being paid, whether through the default of the buyer or other causes and also provides unconditional guarantees of 100 per cent. repayment to the banks. On this security, banks will offer finance to exporters at favourable interest rates.

The department also insures oew investment abroad against risks such as war and now provides protection against at least part of the increase in U.K. costs for large capital goods contracts with long manufacturing periods. In addition, it supports performanco bond requirements on major contracts and provides protection from loss caused by insolvency of a member of a consortium working abroad.

Estimates

The ECGD's business has been rising sharply and it estimates that the value of exports insured by it is now running at an annual rate of about £12bn. against a total of just over £8bn. in 1975-76. ECCD underwriters are now handling over 5,000 credit applications a week.

A major development for the construction industries was the formation two years ago of the Construction Exports Advisory Board, which draws its secretariat from both the Department of the Environment and the Department of Trade. Its terms of reference are the selection of single companies or groups of companies to pursue particular overseas construction projects and to advise Covernment on ways of harnessing additional resources in the industry and associated professions into the export market.

The Board's primary function will be to provido advice and recommendations to the Government on the best ways of tackling tho problems which tha existing structure in the construction industry has been unable to resolve. There has boen criticism that the establishment of the Board will have little real impact on the existing order of things but it believes that it is already making significant steps towards reducing the proliferation of sectional interests which have for so long boen characteristic of the industry.

It has already established focal points within tho industry, towards which particular sectors can gravitate and which will, in turn, maintain liaison with the Board. To overcome tho lack of co-ordination and co-operation within the industry has become ono of its biggest tasks.

The role of the Board has been widely misinterpreted and it will not be actually assisting in the organisation of consortia although it could become involved in their efforts to win business when more than one group of companies is competing for a particular overseas contract. If, for example, a client nation wishes to include an elemeot of U.K. participation in a major project and makes its wish known to the British Government, then the Board could find itsolf advising on the most suitable candidate for tho job.

The Board is also busily looking at the ovorall market prospects for a better organised U.K. construction industry. It will examine not only the most lucrative markets but the most profitable areas of activity within those markets.

In addition, much of its attention will be turnod on the network of commercial support and advisory services provided by the U.K.'s diplomatic corps around tho world. Over 800 U.K.-based and locally engaged, full-time commercial officors are available to provide assistance and while tho Board believes the level of support generally has been good it believas there is scope for furthar improvement.

M.C.

Architects get their share

UNLIKE the consulting engineers, the architectural profession in Britain has traditionally been rather short of facts on how many of its members are working overseas and what kind of jobs they are working on. This gap has, however, at last been filled, with the recent publication by the Royal Institute of British Architects' Clients' Advisory Bureau of the first-ever International Directory of Architectural Practices.

It is therefore, at last, possible to quantify the involvement in Middle Eastern countries of British architects who, in the folklore of their profession, are believed to haunt the departure lounges of Heathrow Airport, queuing up for the chance to swap a lavish commission in the Middle East for the depressed construction industry at home. The facts are somewhat less dramatic. A glance at the new directory shows that, out of some 1,200 British based architectural and planning consultancies, large and small, which are listed as having overseas branches, formal associations with foreign firms of architects, or specialist experience relevant to working abroad, 160 are listed under the various countries of the Middle East—many of them, naturally, for more than one country. Therefore, of Britain's total potential for the export of architectural and planning skills, it would be fair to say that something like 13 per cent. is committed, to a greater or lesser extent, to the Middle Eastern market.

Table 1, which is based on information contained in the directory, gives the number of British firms at present or recently involved in each of the Middle Eastern countries. From this it emerges that, not surprisingly, tha busiest and most attractive markets for British consultants are the petroleum giants of Iran, Saudi Arabia and the Gulf (particularly the United Arab Emirates) which, taken together, account for over half of the total number of British firms at work in the area.

(These same countries are also, of course, tha areas of greatest competition for Britain from the consultants of other developed nations, from the U.S. to Japan.)

Less obvious at first sight, perhaps, is the comparatively high number of practices which the table shows as being involved in Iraq. Until relatively recently, Iraq was regarded as one of the more difficult prospects among the oil rich nations of the Middle East from the point of view of any large-scale involvement of Western consultants.

Historically, there were three main reasans for this: the long drawn-out Kurdish war; intergovernmental disputes, for example, over the nationalisation of the Iraq Petroleum Company; and Iraq's traditional dependence on aid and technology from the Communist bloc.

By 1975, however, the war had ended and the disputes been settled and Iraq was not only opening the doors towards economic and technical co-operation with Western countries, but specifically expressing eagerness for British involvement. Clearly, on the British side too, interest has now developed and there is no major Middle Eastern or North African country without a firmly-based British architectural presence.

Strengths

One of the strengths of British firms is their experience, earned in the creation of the British welfare state, of building social infrastructures. So, they have been called on for new towns (for example in Iran, by Llewelyn-Davies Weeks Forestier-Walker and Bor); hospitals (for example in Iran and Sandi Arabia, by Llewelyn-Davies Weeks again, and Egypt, by the Percy Thomas Partnership); transport complexes (for example the Teheran Bus Station, by Building Design Partnership); and educational buildings. Among the latter are the new University of Libya (James Cubitt and Partners) and the £1bn. University of Riyadh being built for 21,000 students in the Saudi Arabian desert and believed to be the largest single building project in the world (architects, the Collins Melvin Ward Partnership as part of an Anglo-American consortium).

Commerce, too, is growing: George Trew Dunn Beckles Willson Bowles of Richmond, for example, are designing a supermarket and a bank in the United Arab Emirates, the main cities of which owe much of their modern form to a handful of British firms, among them John R. Harris (National Bank of Dubai and Dubai International Trade Centre), Page and Broughton (Dubai International Airport) and Scott Brownrigg and Turner (Abu Dhabi Trade Centre).

It would, however, be quite wrong to leave the impression that only the bigger firms have any chance. Quite apart from the fact that not all the larger practices want to keep fully geared up with staff, when working on an overseas job, but prefer to subcontract out large chunks of design work to small firms whose staff may never leave England, architectural competitions offer invaluable opportunities for modestly sized firms to break into the international arena.

John R. Harris, for example, have been busy in the Middle East for almost a quarter of a century, following their 1950s success in a competition for a hospital in Qatar. Again Trevor Dannatt and Partners, award winners in Britain but without previous overseas experience, broke into the Middle East by winning a competition for the Riyadh Conference Centre.

More recently, Rothermel Cooke, a small London practice previously dependent largely on local authority housing rehabilitation jobs, won the immensely prestigious UAE Development Bank Hotel competition for Abu Dhabi, the final contract for which they have just signed.

Nor is it true that only the key infrastructural projects—hospitals, conference centres, hotels—are in demand. Recreation, for example, is one important new growth area which is beginning to provide work for British consultants as the wealthier Middle Eastern countries begin to supply the urban society type needs of increased leisure time and rising incomes.

A case in point is the £1.7m. plus zoological and botanical gardens complex in the Qatari capital of Doha, designed by the John S. Bonnington Partnership of St. Albans. Originally laid out as a private menagerie for a former ruler, it has now been "democratised" as a public amenity for the 100,000 or so population of this small but very wealthy sheikhdom. Scientifically, its function is to house a representative collection of local fauna and flora.

Further into the Arabian peninsula, the same practice (together with Brian Clouston and Partners) is designing leisure parks for the Saudi Arabian cities of Mecca and Jeddah, to include swimming pools, restaurants, adventure playgrounds for children and sports areas. Water, shade and enclosure are carefully designed as complementary elements into each of these parks, reflecting the traditional Islamic concept of tha garden as a refuge from the harsh environment of tha desert.

Recreation

More active recreation is also being catered for—Don Revie's departure to the football fields of Abu Dhabi indicates ona obvious growth area. Among schemes being commissioned to meet the demand ia the £35m. sports stadium and leisure centre for Jeddah (architects Slater Hodnett and Partners, consulting engineers Cooper Macdonald and Partners). The atadium, designed for crowds of up to 5,000, is linked by promenades to an indoor sports hall, a 2,500-seater auditorium for cultural events and a banqueting hall—exemplifying the unified approach to sports and arts being designed into the most up-to-date British leisure complexes. Conservation is another area with potential, according to John Warren, whose Horsham-based practice, the Architectural and Planning Partnership, is currently working on town planning schemes in Iran and hopes soon to do the same in Libya.

Mr. Warren heads a team currently awaiting the go-ahead to carry out a historic b[...] survey in Saudi Arab[...] elsewhere in the wo[...] velopment pressures [...] architectural history [...] much of tha Middle E[...] only are the pressures [...] but some of the pre[...] heritage is extremely [...] able, being built of eart[...] than stone.

Conservation, already [...] for granted in Britain, is [...] he thinks, to rise hig[...] Middle Eastern prioriti[...] as this happens, there [...] work for British ar[...] already skilled in the fi[...]

David Craw[...]
Editor, the Ar[...]

British architects [...] Middle East: nu[...] firms currently or [...] at work in each [...]

Country	Nu[...] arch[...] p[...]
Algeria	
Bahrain	
Egypt	
Iran	
Iraq	
Jordan	
Kuwait	
Lebanon	
Libya	
Morocco	
Oman	
Qatar	
Saudi Arabia	
Sudan	
Syria	
Tunisia	
United Arab Emirates	
Yemen	

SOURCE: RIBA Inter[...] Directory of Practice[...] (RIBA Publications, [...]

PLANT STRUCTURE IN MIDDLE EAST ROAD CONSTRUCTION, INCLUDING 1976 SALES OF NEW EQUIPMENT (Numbers and $m.)

	Construction plant, total working population end 1976	Estimated in road construction nos.	New sales into road construction nos.	Plant investment for road construction $m.
Hydraulic excavators*	4,600	800	200	12
Wheel loaders	18,300	5,700	1,050	75
Crawler dozers	20,330	10,500	1,500	178
Motor scrapers	900	560	140	34
Motor graders†	8,000	6,500	1,200	100
Trucks	45,000	16,000	5,000	186
Pavers and finishers	1,800	1,650	380	37
All rollers, self propelled	9,500	7,000	1,400	40
Asphalt batch plant	880	750	160	35
Crawler cranes	4,000	250	40	5
Site dumpers	20,000	1,900	350	2
Drilling and piling plant	2,500	600	120	4
Diesel generators	33,000	2,000	420	8
Crushing and screening plant	1,700	650	160	18
Other plant related to road construction				28
TOTAL	—	54,860	12,120	762

* 360° plus 180° slew. † Including dirt road levelling. The majority of these statistics are extracts from a recently published 460-page POR study, containing over 17,000 individual statistics on 14 Middle East markets.
Source: R. J. Richter, Plantecon (Overseas) Research.

Building systems face uncertainty

SUCH HAS BEEN the rate of expansion throughout most of the Middle East countries that they have quickly found themselves incapable of supplying even the most basic of requirements. With few developed industries and a scarcity of skilled manpower, the oil-rich countries have, for the time being at least, become almost totally dependent on the resources—excluding energy—of other countries.

There are few areas in which their own inability to cope can be better illustrated than in the construction sector. For while most countries have, at best, some form of partially developed building industry, few are in any position to begin to supply their own country's pressing needs.

In the Middle East, most clients proceed on the grounds that they require everything yesterday and it is success in providing sound buildings as quickly as possible which can guarantee further business for the outsider.

It is in this respect that system and prefabricated buildings play a part in Middle East development, although their adoption and acceptance has to date not been an entirely smooth one.

That there is a need for the type of buildings which a systems supplier can provide is beyond doubt. Major market opportunities exist in a wide range of fundamental areas, from housing, education and environmental planning to offices, factories and special projects.

Preferences

While preferences and practical requirements will also undoubtedly vary, concrete, steel and aluminium, timber and composite systems all have potentially good market opportunities. But while the potential for systems builders is undoubtedly very large, there is little doubt that development has to date been slower than might have been originally envisaged.

Behind the delays are a number of fundamental problems; development plans have had teething troubles, the provision of actual buildings and accommodation has taken second place to the laying down of basic infrastructure and, parhaps most important of all, there has in many countries been an inbuilt resistance to prefabricated and industrialised construction, often caused by the potential client's misunderstanding or lack of knowledge over what the building system has to offer him. Not all the problems, however, derive from the client's side and systems manufacturers have clearly encountered problems in matching, technically and visually, the requirements of a demanding client and a demanding climate.

In short, buildings which may in the U.K., for example, be well suited to withstanding the worst onslaught of winter may not have the same tough qualities when it comes to 130-degree climates. Equally, the manufacturer may have to cope with a situation where wooden bases are acceptable in the home market but treated with outright disdain in the Gulf.

The systems building manufacturer has a fairly massive educational programme on his hands. The average Arab client likes permanence and, while the systems building might well be able to provide this for him, he will taka a great deal of convincing that his needs cannot only be met in the traditional

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Surveyors offer a special service

IRONICALLY, one of the biggest problems encountered by British chartered surveyors in the Middle East is the specialised nature of their profession. But it has not stopped them from moving, often highly successfully, into the growing Middle East construction market.

There are three separate disciplines in British chartered surveying—land survey, land administration, and quantity surveying. Whereas land survey (topographical mapping) and land administration (estate agency) are separate professions common enough elsewhere in the world, quantity surveying is a uniquely British specialisation. It is best described as the economics and management of construction, and its members make up the bulk of the Royal Institute of Chartered Surveyors (RICS).

Extent

The RICS recently made a tour of seven Middle Eastern countries — Bahrain, Egypt, Iran, Kuwait, Qatar, Saudi Arabia and the UAE—to try and establish the extent of the market open to its members. It found that of the 170 RICS *member* companies already operating in these countries, 150 were quantity surveyors.

Broadly speaking, the RICS found ample scope for British chartered surveyors of *all three* disciplines in some of the countries covered, with most already established in the Gulf States as a result of historic British ties. Qatar was the country which was most receptive and best served by British chartered surveyors; Iran was the worst, with Egypt a close second.

Land surveyors have had the easiest time, in one sense, because theirs is the oldest of the survey specialisations. Many of them have been operating in the Middle East since long before the wealth explosion which followed the quadrupling of oil prices. The only country where British land surveyors do not have a contract is Iran.

Their most serious competition comes from the South Koreans, whose Government is reported to be subsidising overseas survey work. But there is also a *growth in indigenous* mapping services, particularly in the more advanced of the Middle Eastern States.

Nonetheless, British land surveyors are confident that there is still plenty of scope. Fairey Surveys, which has operated in the Middle East since the war, did the pilot project for the topographical mapping standard for Saudi Arabia, and is working on a similar operation *for Bahrain*. It also planned Jizan, the rebuilt Red Sea port, and has irrigation and town planning contracts throughout the rest of the Gulf.

Land administration is the least well known of the survey disciplines in the Middle East. There are only about 10 RICS member companies in the area, based in Cairo, Dubai, Abu Dhabi, Bahrain and Tehran. Simply described, it is the after-sales counterpart of quantity surveying. Quantity surveying deals with the construction phase: generally speaking, land administration deals with post-construction letting and management—although, like quantity surveying, it also gets involved in land and building evaluation and development financing.

The relative newness of the massive programme of development in the Middle East has understandably been accompanied by lack of sophistication, so that the very specialised nature of the land administration profession is not always readily appreciated. RICS reckons that although the going may be tough to start with, "the long-term prospects should not be under-rated, because the reputation of British professionals for propriety and competence is very high throughout the Middle East."

The RICS also warns its members, whatever their specialisation, against going cold into the market. It proposes that before the idea of establishing a local office is considered, firms should ensure that there will *be specific work* for them.

This view is shared by Debenham Tewson and Chinnocks, who were the first of their kind in the area when they opened an office in Bahrain in 1975 and another in Dubai last year. Although they started from scratch in Bahrain, without a hard contract, they have since gone from strength to strength.

They went there to expand the service they had started to give Arab clients buying and leasing property in the U.K., and have now the nearly-finished Pearl of Bahrain building in Manama on their hooks, and are engaged in the project management of the Bahrain Tower shop and office complex. Their Dubai office is working on another new complex in Sharjah.

A senior partner *says* business is healthy "but there are problems ahead in those States with little oil revenue. Added to that, currency problems in the UAE are giving an added edge to competition—as they always do when dealing with large amounts of money."

Debenham Tewson and Chinnocks were followed by Cluttons into Dubai *last year*, and into Bahrain this year. Jones Lang Wootton has offices in Bahrain and Cairo.

Middle East development is still largely at the planning and execution stage, which theoretically leaves the field wide open for quantity surveyors. That they are getting the business is without question, since the *number of British quantity* surveyors in Saudi Arabia doubled last year and trebled in *Libya*.

Because they represent the vast bulk of RICS membership in the Middle East—certainly in the States covered in the fact-finding tour—this is the specialisation on which the RICS tended to place most emphasis.

Offices

About 16 quantity surveying firms have established offices in the Middle East. This survey specialisation describes itself as covering the use and development of building resources, advice on construction costs and programmes, the preparation and adjudication of tender documents and management of the *financial* side of contracts. They are therefore well placed to deal with the inefficiencies and inflated costs which are plaguing the building industry in Saudi Arabia and Iran in particular—a product of the pressure of their construction programmes.

In spite of this apparent open invitation to quantity surveyors, they still face a major problem — competition from American construction companies, some of them well-established—which incorporate the quantity surveyor's job into the total package of plans and drawings they present on *tendering* for a contract.

As a result many British quantity surveyors find that they are having to act in collaboration with construction companies, which then offer a complete package. But this conflicts with the ethics of quantity surveying, which is meant to establish—before a particular job is considered worthy of being undertaken—whether the costs, availability of labour and materials and so on will justify the need. Only then does the quantity surveyor, having effectively offered an estimate, agree to find the right contractor to undertake the operation within the limits of the cost planning and cost controls he has outlined.

Without doubt Iran is going to be the toughest market for quantity surveyors to crack, even though there is a growing cost-consciousness. The Iranians still do not *recognise quantity* surveying as an independent profession, and the preference for American practices is very strong. The problem is less serious in Saudi Arabia. Recently a team from the World Bank which had been advising the Saudi Ministry of Finance on methods of monitoring and controlling construction costs said there ought to be a bigger place for quantity surveyors in the Kingdom.

Already there are *firms* which operate in collaboration with American constructors and architects. MDA (*Mook Dunston, Mahon and Sears*), which has offices in Europe and the U.S., has worked as sub-contractors on several projects, and is currently planning a new town for 100,000 people in Saudi Arabia with New York architects, Edward Durrell Stone and Partners.

Its Oman office has been working on a television studio in Bahrain, and the Brussels office is involved in a multi-million pound housing project in Dammam in co-operation with the Belgian OGEM group.

It is obvious that surveyors belonging to all three disciplines can take advantage of the massive building and construction market that exists in the Middle East, though their impact may differ from area to area. It is with this in mind that the RICS plans to improve its presence in the Middle East, and to work towards greater local understanding of the intricacies and values of the profession it represents.

But until quantity surveying in particular is better understood and appreciated, members are going to have to make their own way. According to the RICS they are going to find this easiest in the UAE, where they are already well established, in Qatar, and to a degree in Kuwait and Bahrain. The omens are beginning to bode well in Saudi Arabia, but it is going to continue to be tough in Egypt and Iran.

Rodney Smith

Systems

CONTINUED FROM PREVIOUS PAGE

way. It is not, of course, just the private client who must be persuaded and the systems supplier must convince Government ministries and departments, local and foreign contractors, private architects and consulting engineers that what he has to offer can meet their needs.

One of the major areas for potential penetration is in housing, where serious shortages exist in many of the oil-producing states. The market is basically split into two categories and both offer the opportunity of substantial business for the systems operation.

With the large and continuing influx of foreign workers into the country—more often than not themselves engaged on some form of construction project—there is an ongoing need for accommodation of all standards.

In addition to this requirement, there is also the chance to convince the local populations themselves that the system built home can provide them with all the facilities they require, although the chances of success in this respect are considered by most to be fairly limited.

As far as housing immigrant workers is concerned, the scope remains large, although in some areas at least it is now reported that there is a *surplus of the* type of basic accommodation unit most readily, though possibly unfairly, associated with the systems building world.

Companies from throughout Europe and beyond are active in the region, offering systems which provide fast construction, flexibility, and competitive costs. Among the leading U.K. operations are Lesser Building Systems, which for over 25 years has been designing and manufacturing construction camps for use in remote or difficult regions of the world. Unlike many of its competitors, however, Lesser's activities are not confined to the traditional cabin-type accommodation and the company provides systems which are in use as schools, hotels and offices, and can offer single, two-storey, and multi-storey buildings.

Concession

The company concedes that one of its major problems—away from the construction camp accommodation business—is to overcome the physchological barrier which, in fairness, is not found only in the minds of Arab clients. To many people, a systems built unit means a "prefab" and it is not always easy to convince the potential client of the qualities of a building manufactured elsewhere and transported to site.

In addition, Lesser is aware that the Middle East market for its products has become intensely competitive as systems builders have been encouraged to concentrate their efforts on one of the few regions of the world where building activity remains high.

Lesser does not, of course, have the marketplace to itself and names like Terrapin, Portakabin and *London Brick Buildings* are all recording substantial contract successes in the region.

Apart from the systems builders themselves, metal building product manufacturers have also found good markets in the Middle East. Companies like H. H. Robertson, which has been supplying building components to the Middle East for over 50 years, has developed a range of products designed to withstand the most aggressive climates in the world and to cope with the problems of humidity, *wind driven* sand and high ultra-violet light.

Robertson has found a market for *its* products in countries like Iraq, Saudi Arabia and Dubai, offering cladding, ventilation and contracting services and helping in the construction of commercial buildings, factories, hospitals, docks and power stations.

The *question*-mark which overhangs the activities of all the systems builders—together with basic material suppliers—is how long the Middle East market will require their services on such a scale. No one would be rash enough to suggest that, in the foreseeable future at least, most of the oil-rich nations will be in a *position to* supply their own requirements, but there will undoubtedly soon be a greater measure of *self-sufficiency* in terms of both productive and skilled manpower resources among some of these countries.

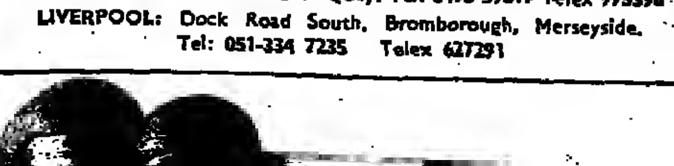
With the major civil engineering projects throughout the region already reported to have reached a peak, the potential for camp accommodation business cannot be expected to maintain its present momentum for much longer, especially as the client is, in an increasing number of cases, inheriting *housing* units which he will wish to be used again on future contracts.

Competition in this field can therefore be expected to become even more intense and systems builders will increasingly have to turn their attention towards the provision of more sophisticated products for use in industry, commerce and the public sector.

What is not yet clear, however, is whether the systems builders have secured a sound future for themselves in these vital sectors, or whether their current successes have arisen simply because the product offers a convenient stop-gap until more traditional construction techniques can meet each country's requirements.

M.C.

ملكية ابن الاصل



Increasing demand for materials...

IN SPITE OF A number of relatively minor setbacks, such as cash flow "crises" in the United Arab Emirates and Bahrain, construction activity in the Middle East is intensifying. Recent reports have indicated that as a market for construction materials the region has never been more bouyant. But the potentially big rewards involve considerable risk. Nerve and tenacity are two essential ingredients for success. The market is rapidly becoming more sophisticated, more price conscious and, above all, more competitive.

Unquestionably, because of the size of its committed construction programmes, Saudi Arabia offers the biggest opportunities. Expenditure in the forthcoming year alone is reliably estimated at between SR65bn., and SR70bn., after making allowance for inflation and a growth rate of between 10 and 15 per cent. Substantial reduction of congestion at Jeddah and Damman has helped to reverse the prices spiral of imported materials, and this in turn has been a significant factor in the successful reduction of inflation to less than 20 per cent.

Saudi Arabia now has the nucleus of a better equipped indigenous construction sector, a situation which could enable the Government to retrench and create a stable industry. But in spite of a considerable increase in local manufacture, the largest proportion of construction materials is still imported. Local manufacture has concentrated on prefabricated concrete, blockwork and tiles, fabrication of windows and doors from imported metal sections, and plastics based products.

Total materials consumption is likely to be in the region of SR28bn., of which as much as SR19bn. will be spent on imports for immediate use or for reprocessing. Allowing for the fact that the price delivered to a site in Saudi Arabia is approximately double that in the U.K. or the United States, the market is still enormous.

Trends

Certain trends in this market are worth noting. The Commercial Regulations, for example, protect the interests of an appointed agent. But contractors of all nationalities, including Saudi companies, are importing more and more direct from the manufacturer, bypassing the agent. The Government, aware that agents were adding extortionate mark-ups on prices, has turned a blind eye to the practice, presumably in an effort to force agents to reduce their profit margins. This, coupled with faster port clearance, keen international competition and other factors, has reduced on-site costs or, at best, stabilised them. Customs duties are now nil to 3 per cent for all construction materials, although there are certain products which attract a surcharge of 20 per cent. to encourage or to protect local production or manufacture.

Another interesting development is an increasing tendency to pre-buy. Aramco, for example, has always pre-bought materials for its construction projects, stocking them at Damman until required by contractors.

Pre-buying is motivated by financial considerations and to achieve a degree of standardisation. Bulk buying obviously reduces the cost per item and ensures immediate availability when required by the contractor.

The Saudi Arabian Ministries of Agriculture and Water, and of Municipal and Rural Affairs, who are the biggest consumers of pipes for sewage, water distribution and storm water protection, pre-buy or at least prequalify and reserve production for plastics and asbestos cement pipes. And contractors themselves have become more efficient in their materials buying practices.

As for the exporting countries, the U.S., Japan, the U.K. and other Western European manufacturers remain the leading suppliers of finished products. But Far Eastern countries are increasing their share of the market, particularly as suppliers of cemant, timber, plywoods, sanitary fittings and electrical components. The Japanese are leading the field for reinforcement and other steel products.

Another feature of Saudi Arabia's increasing sophistication is the development of the builders' merchant style of operation. Materials have always been stocked in the bazaars by local merchants, but supplies have been haphazard, unpredictable both for quality and quantity. Sensible market research, coupled with Western-style selling, is establishing a situation in which properly stocked and well managed warehouses will eventually offer goods on demand at prices that won't change between quotation and delivery.

As yet there is no local production in Kuwait of items like builders' hardware, reinforcing steel, plywoods, veneers, refractory bricks, glass, metal sanitaryware, melamine laminates, fibre board and copper tanks. Given this country's development plans for the next few years, demand for these products is likely to increase rapidly.

One of the major requirements is for housing. The field is therefore open for system built housing companies, particularly for non-Kuwaiti housing. Significantly, the National Housing Authority, which is principally concerned with housing for Kuwaiti nationals, has decided against adopting system building because the delay factor in working up economically to full production is unacceptable, and because their standards, which include variety, are high.

Non-Kuwaiti housing is the responsibility of the Ministry of Public Works; standards in this sector are lower, though not excessively so.

It is estimated that the present population of Kuwait, currently approaching 1m., will doubla in the next two decades. In anticipation of resultant need, a master plan has been prepared by British consultants Sir Colin Buchanan and Partners. The plan points out that, in examining the market for building materials, thought should be given to more higher technology. For example, slip forming for high rise building is as yet unknown in Kuwait. But artificial aggregates are being considered for local manufacture, and solar heating is being discussed.

A recent United Nations estimate suggests that the overall growth rate for the United Arab Emirates will exceed 30 per cent. Recently, however, a cash flow crisis startled the local construction industry and caused prices of basic construction materials to fall. Construction materials account for about 60 per cent. of the goods brought in through Port Rashid, and authorities there complained that consignees were reluctant to claim all cargoes.

But this situation is likely to be short-lived. In Dubai alone the development currently being generated by the Jebel Ali project is already promising to create another construction boom.

Nevertheless, the market has become extremely price conscious—a Japanese mission recently came under heavy fire from the Government because prices of Japanese goods and services, it was alleged, had reached an unacceptably high level. International competition is fierce, particularly for the construction and construction materials markets; but the U.K. is maintaining its share, helped by considerable local goodwill for Britain and its products.

Advice

It is, however, generally advisable for manufacturers to appoint resident agents for the main commercial centres—Abu Dhabi and Dubai. One vitally important point is that company representatives in the UAE ought to be given decision-making powers, preferably equipped with written authority.

In Bahrain, industry, commercial development and housing are the main elements of current construction activity. The recent upsurge in office building, much of it financed by other, richer Arab states (notably Saudi Arabia), is the most obvious response to the Island's growth as a business centre.

One of the most interesting longer term markets is undoubtedly the housing sector. Notwithstanding Bahrain's relatively small population, there is an acute shortage of housing. The Ministry of Development and Industry alone is sponsoring a programme to build 2,000 units a year for the next ten years to satisfy demands for low and middle-income housing, and providing a further 8,000 units over the same period.

The requirement for housing in Bahrain, and indeed throughout the Gulf, is so acute that prefabrication, hitherto looked upon with reluctance by many states, now appears to be the most widely accepted solution. In addition, the market for "instant accommodation" for construction camps and some expatriate housing is reaching unprecedented levels throughout tha whole Middle East region.

Countries like Iraq and Syria, until recently quite unsympathetic to the idea of doing much business with the West, are lately turning more towards Western Europe for construction materials.

Egypt, often described as the "sleeping giant" of the Middle East construction industry, is beginning to offer considerable and worthwhile opportunities. Its 1977 budget lays particular emphasis on housing and reconstruction. First priority in the Ministry of Housing and Reconstruction's plan is the development of the three war-damaged towns of Port Said, Ismailia and Suez. In addition, a great deal of work is being carried out in Cairo in an attempt to relieve the critical housing and infrastructure problems caused by the rapid population increase. It is also intended to build new cities in the desert, designed to be self-sufficient and to attract industry and population away from the capital. The first of these, 10th of Ramadan City 50 kilometres from Cairo, is already under construction. Planning for Sadat City, 70 kilometres from the capital, is well advanced.

Egypt is not a market to be ignored. Its position in the Arab world ensures continuing financial aid from oil-rich neighbours, and the U.K./Egypt Economic, Industrial and Technological Co-operation Agreement and the Investment Protection Agreement have provided a framework within which the country's needs can be matched to the skills and technology of the U.K.

Iran is another big and important market in which international competition is joined with a much stronger locally based industry. The country's appetite for building construction materials will be considerable for many years. But foreign suppliers not already committed to local manufacture should re-examine their policies. A key to success here is local manufacture or assembly, either under joint venture or through a licensing agreement.

For licensing, royalties are subject to approval by the Ministry of Finance, which is unlikely to sanction more than 5 per cent. Foreign investment in manufacturing is now limited to between 20 and 25 per cent. in most sectors. However, provided the investment is approved by the Ministry of Finance, it is protected by the Law for the Attraction and Protection of Foreign Capital Investment. The first step for industrial joint venture is usually an approach to one of the development banks.

The size of Iran's housing programme alone through to the end of next year is estimated to require a \$3.4bn. expenditure. In addition, \$4.7bn. has been allocated during the same period for other projects such as hotels, road construction, airports and harbour development.

It is a mistake to consider the Middle East as one big market. The region comprises at least twenty-one separate market places, each of which must be studied for its own peculiar requirements and business methods. The region offers short-, medium- and long-term possibilities; all will eventually provide opportunities for maintenance and replacement.

Anthony Davis
Editor, Middle East Construction

...and equipment

PLANT AND EQUIPMENT is obviously an essential element for implementing construction programmes and the Middle East has provided a phenomenal market for manufacturers worldwide. For many it offered heaven sent opportunities to offset decline in home-based sales. By 1975 total plant purchases by Iran, Saudi Arabia, Iraq, Syria, Jordan, Egypt, Libya, Kuwait, Bahrain, Qatar, UAE and Oman amounted to \$2.84bn.

According to economist and marketing consultant W. J. Richter, Saudi Arabia is likely over the next few years to be the largest buyer of construction equipment in the region. It is a fiercely competitive market and one in which the trend is increasingly moving towards greater reliance on efficient maintenance and spare parts availability. Gone are the days when expensive machinery was discarded willy nilly after ona or two years of working life.

One of the most significant trends is the switch from a seller's to a buyer's market, already an established characteristic in Saudi Arabia where one of the world's largest distributors of construction equipment, Zahid Tractor and Heavy Machinery Co, is currently investing \$60m. to streamline its operation to meet the demands of a changing market. The vital prerequisite for success is now the provision of a more intensive and efficient after salea service. And in Saudi Arabia the emphasis has shifted from new machine sales to spare parts and servicing.

Richter quotes Zahid's operation as a prime example of this trend which is also noticeable in Dubai, where Kanoo's spare parts set up has for some time been computerised, and in Kuwait and Bahrain.

Plant users who once wrote off machines over as short a time as one year are now becoming more cost conscious, utilising machinery over a much longer period.

The most successful dealers of the future will therefore without doubt be those who provide parts and workshop facilities. And it follows that the more successful plant manufacturers will be those who expand their efforts towards greater utilisation and longer working life for the equipment they sell.

In order to satisfy the demanding international and large local clients, who mostly employ Western plant management, Zahid is now including in its service package, service exchange units. The object is to take in costly assemblies like engines, transmissions and drive axles on the basis of part exchange, thus lowering cost and downtime if executed correctly. Zahid's operation, which includes substantial and expanding depots in Jeddah, Riyadh and Damman, is the most sophisticated in Saudi Arabia, and probably in the whole Middle East Region.

Market research estimates that the total working population in Saudi Arabia of Caterpillar units alone exceeds 12,000 units of plant, including generator sets. Potentially, this could attract parts and service sales of over \$50m. per year. It is quite certain therefore that Zahid's example will be followed by others throughout the region. But it cannot be achieved without technical support from manufacturers and, initially at least, without skilled plant engineers who must be recruited largely from the West.

For the manufacturer the future will to a large extent depend on the quality of the machine, coupled with the availability of skills and spare parts in the local workshop.

It is interesting to note that Richter predicted this trend three years ago. To-day it is a marketing fact, largely because of growing competition and the pressure over supplies, the employment of Western or Western-educated management, increasing technical sophistication among users, growing awareness among dealers that good service is good business, and an increasing readiness of dealer-financiers to provide funds for back-up facilities and to offer more attractive terms to the customer.

Construction programmes throughout the Middle East, though not being implemented at the pace envisaged in many earlier and in many instances quite unrealistic plans, are by any standards vast. The £200m. Jebel Ali project in Dubai, the \$131m. naval base contract and £172m. housing scheme in Kuwait, the massive projects at Jubail and Yenbu in Saudi Arabia are merely a few recent examples. The list of projects under construction and in the pipeline is endless, and the financial resources are available. Predictions for the continuing market for capital machinery without which these schemes cannot be implemented are therefore impressive.

Anthony Davis
Editor, Middle East

TO-DAY

BY JOE ROGALY

The real failure revealed by Grunwick

ɪ report on the ıte has a fatal to be found in aragraphs of the although parae shall see in a ıds with importhe flaw is that ıquiry had to be irst place. This heen necessary; th a well-ordered ıich means a rule rks because it is ected, it would

ıd why, one hes sting one's mind 13, the first day ting ontside the Grunwick photoaboratoriea in th-west London. hat the Governılly sat up and of the dispute. n a little gefuffle 1976, when the Cricklewood first runwick mail, at the official blession of Post Office ras soon over, and nt of Employment fident that the ween the company the trade union disgruntled exad joined, would led by the quasi-Advisory, Concilibitration Service.

was no settlement, oy Grantham, the etary of APEX, it y that there would early as October 5, fter the strike at egan, he had asked Booth, Secretary of ployment, to set up Inquiry Into the d Mr. Booth done ne there would be no quarrel now with his decision, for there had heen no extra legal pressure, as yet. Reasonably enongh, however, he persuaded Mr. Grantham that it would he better to let the processes of the law take their course, so an application was made to ACAS for recognition of the union by the company, under Section 11 of the Employment Protection Act, 1975.

Tribunal

The union also arranged for 59 of those on strike to apply to an industrial tribunal for reinstatement. Their case was dismissed on the ground that the tribunel had no jurisdiction. The application to ACAS has been bogged down in the courts for most of this year; the final appeal to the House of Lorda will not be beard until the autumn. Aa the Scarman report comments, "the processes of the law have not yet echieved any result."

From the trade union point of view this is the principal reason why the mass picket was called for June 13. At the beginning APEX wanted the picket to last for one week only, and it is too conservative a union to have contemplated anything other than a peaceful demonstration. But events ran away with it. The whole country wea first made aware of the existence of the dispute when it aew on television, night after night, atruggles between angry demonstretors and what appeared to be desperetely harassed policemen.

After two weeks of that kind of extra-legal pressure, on June 30, the Scarman court of Inquiry was appointed. The Government could bave said: "We stand by the rule of law. The case is being fought in the courts. The victor will be the side that wins in the courts. Meanwhile the police will keep the peace and demonstrators will not be allowed to obstruct the peaceful passage of the willing workers throngh to Grunwicks." It did not say that, and if one accepts the Scarman proposition that Grunwick failed to provide proper machinery for the redress of its employees' grievances, one cannot argue that it should have done so.

I have spent most of the past ten weeks studying the details of this dispute, and I cannot quarrel with the verdict that the cause taken up hy APEX was a just one. It was: when 137 of some 400 employees walk out, and then stay out in all kinds of weather for a year it is difficult to argue that everything ebout that particular company'a labour relations is satisfactory.

Now it so happens that one reason why the law is turning out to be inadequate to the reasonable needs of people like the strikers et Grunwick's is that in 1974 and 1975 when the Labour Government, at that time besotted with the TUC, was giving the unions the laws tbey asked for the unions insisted thet they wanted to live in a constitutional world of their own. "The law mnst he kept out of industrial relations," they repeated.

It is partly for this reason that ACAS is obliged to build up its influence, and its residual powers, by means of precedents that it will have to establish. Again, it is partly for this reason that the laws on nnfair dismissal keep industrial tribunals out of the ergument unless there ia discrimination between workers who have been sacked.

The Grunwick court of inquiry: Mr. Pat Lowry, personnel director of British Leyland; Lord Justice Scarman, the chairman; and Mr. Terry Parry, general secretary of the Fire Brigade's Union (from left to right).

But even if the trade union movement has itself to blame for the inadequacy of the law, it remains true that in tbe past year inadequacies bave been revealed. The need to maintain the rule of law should not exclude justice to those who went on strike.

That said, the potential damage of the decision to call the Conrt of Inqniry remains enormous. At the time there was some doubt about whether even this move would cool down the tempers of tbe people who were demonstrating on the streets. One concern was what to do if the old trick of an "inquiry" failed. It could be that the Scarman inqniry indeed has failed, but for e different reason than was at first supposed. If the company now sticks by its previous statements, and declines to accept the recommendations of the inquiry on the ground that it is not legally bound to do ao, tempera will certainly flare up again, at redouhled intensity.

That is for tbe future; what can be seen at this stage is that the Scarman court of inquiry, whose report favours the strikers, wes set up precisely because there was ection on the streets. That action is remembered by many people for the day on which a policeman was knocked down by a flying bottle; the picture, seen on every TV screen and in every newspaper, nearly panicked the Government. Its motive in subsequently calling the inquiry was primarily to keep the peece, which is the first duty of any administration. Yet in doing so it also sent out a message, which bas not failed to reech its destination. Put in its harshest form it is, if you want to get certain things done, hit a pollceman on the bead with a bottle. In short, the law, indeed the very constitution, is inadequate, therefore the rule of law is threatened.

We turn now to paragraph 58 of the Scarman report. The previous paragraph has jnst listed two conflicting sets of rights: on the one side the right peecefully to run a private company, tbe freedom to stay out of a trade union, and the right to free choice of employment; on the other side, the freedoms to join a union, to picket peacefully, and to enjoy just and favourable conditions of work.

The English reconciliation of these rights and freedoms, says paragraph 58, has been traditionally sought through the development of voluntary collective bargaining. This process was now supported by the Trade Union and Labour Relations Act 1974 and the Employment Protection Act 1975. And the common law had always tried to keep industrial disputes out of the courts. "An inevitable consequence of the system is that, where the process fails to secure agreement, industrial action is the one weapon left to resolve the dispute," says paragraph 58. "Industrial action," it goes on, "is a form of organised self-help—for example, the lock-out, the strike, 'blacking' and the picket. And there is elways a risk that self-help, if not coupled with self-restraint, may end in violence."

For these reasons, says the report, people must act reasonably within the law; in industriel disputes there must he "a modicum of self-restraint" in the pursuit of one's rights. "The British tradition of compromise is implicit in the modern English lew governing industrial relations."

The paragraph may have been intended to show Grunwick why it should have set around the table to bargain with APEX, and I have already said thet on the merlts of the original case my sympathy is with the union. But it is in fact a terrifying paragraph, for it is apparently written in blithe disregard of the steady disappearance of reasonableness from the conduct of our affairs.

In truth, Lord Justice Scarman knows better. In his celebrated Hamlyn Lecture, "English Law—the new Dimension," published not quite three years ago, he referred to the possibility that industrial relations might be regulated "extra-legally"—that is, "in accordance with some specialised system of control isolated from the general legal system." That is what now seems to be happening. In his lecture Lord Justice Scarman suggested that there would be two likely consequences.

"First, we shall be witnessing yet another move away from a general legal system to specialised and detached systems—a trend already to be detected in current attitudes to common market law, the social security system, and the regulation of land use; aecondly, there will erise e real risk of forces of great power in our society escaping from the rule of law altogether.

"Snch consequences, if they ensue, would, there can be no doubt, constitute a weakening of the capacity of law to impose restraint on the exercise of power in society." For the apparently large number of people who apparently fail to understand the implication of this, Lord Justice Scarman spells it out in his lecture: "The need for control, and control according to law, will remain so long as men believe that uncontrolled power is an evil to be eradicated from civilsed society." In short the failure of the strikers to echieve justice from Grunwick's may reflect a weakness in our laws; the street hattle and the consequent Court of Inquiry is evidence of the inadequacy of our constitution.

Letters to the Editor

st the Bank

sistant Secretary, ivil and Public

Lloyd's article suggests that there us support for the State bank from the lived. For the Society nd Public Servants leat is true only for members. Our 1,500 n the Department for Savings see the proa piece of party xpediency which is public interest.

ıple banking/seving hich the National ok has provided for 100 years is still in nd, with more than e accounts at the e. The Page Com-Inquiry in 1973 saw social aervice, which continned, even if it subsidised by the t. In fact the bank ible undertaking and ıtion has made it at the same time the service to the It is unique in being 5 per cent. interest y accounts. If the Savings Bank was with GIRO and to provide full banks on a commercial is no donbt that the counts would have to if the bank was to with the clearing be Trustee Savings already meeting this

posed that the State ld use Post Office nd staff to transact Both the National ank and GIRO have se outlets a limiting heir existing services. unrealistic to imagine pressed counter staff e to provide a service with the clearing recent Carter Report ost Office recognised m but did not offer n.

om the administrative involved in the proger there are wider ons which need to be in detail. Is there eed for more banking Should the State ate from Glasgow or Would it ba desirahle the National Savings n the Department for Savings? Should the Sevings Bank remain ect Government conpart of its debt to nt?

questions should he in depth rather than ecision taken to placate ur Party Conference. well within the terms ınce for the Wilson e.

Studd.
y, Department for Savings section).
outhwark Street, S.E.1.

icising the ms

. R. Williams

lot least welcome on umption of publication music reviews. I find tributors hoth informastimulating.

der, however, this year's n ebsolute disaster and instances an insult to one's musical susceptibilities.

Several of these musical ahortions remind one of the anecdotal remark of a famous conductor who was asked if be performed the pieces of a certain modern composer: "No, hut I have often trodden in it."

R. B. Williams.
12, Ebrington Road,
West Bromwich, West Midlonds.

Cover against loss

From Mr. A. Siddons.

Sir,—It is inevitable that many employers will be forced to concede excessive pay elaims in the face of industrial action which, if resisted, could seriously damage them, or perhaps even result in closure. These employers need something more practical than Ministerial speeches to support them, and I suggest it could be in the form of an underwriting of the financial consequences of prolonged industrial action.

It would be too much to expect a Socialist Government to sponsor such a scheme, but I am sure it would be well within the capability of the CBI and City insurance experts to devise a coosequential loss type of cover for this very real risk.

The administretion arrangements which would be necessary for dealing with claims could well provide some form of arbitration service which would give invaluable assistance in the early resolution of potentially damaging disputes.

Members generally receive some financial assistance from their unlon in an official strike situetion, and it seems only sensible and fair for employers to be similarly indemnified in return for an annual premium.

Once having established a reasoneble pattern of settlements it is to be expected thet there will be some employers who still feel they can afford generous increases, thus causing unrest with the moderate majority, and it would obviously be necessary for them to be subject to severe penalties, possibly the most effective being limitation of price increases.

A. H. Siddons.
21, Harewood Crescent,
Old Tupton,
Chesterfield.

Post-industrial society

From the Director,
Centre for Innovation and Productivity,
Sheffield City Polytechnic

Sir,—Industry is not the only wealth prodncer of this nation. The latest statistics sbow that our invisible exports exceed our exports of manufactured goods.

Of course, the word industry might be taken to include banking, shipping, insurance, tourism and other marketed services. But the answer to our economic problems does not lie in trying to regenerate or shore up manufacturing industries that have passed their peak. Peter Drucker edvises managers to concentrate their best resources on opportunities rather than dissipate them on problems.

Instead of wasting time on the problem of attracting hetter graduates and school leavers into industry, perhaps industrialists should turn the tables and ask whether there are not more opportunities for the bright gradnates and school leavers in the various "non-marketed" services to earn some foreign currency to pey for the imports of food and manufactured goods they consume. They might then come to the conclusion that instead of giving away our medical, educational and research services to various foreigners we should cbarge hefty fees to those who can afford to pay. As any marketing expert knows, charging a high price for good quality produrts and services can artually increase the demand and certainly increase the profit.

The "recent discussion" paper starts from the felse premise thet the best of nse good hrains is to solve the intractahle prohlems of industry. The right premise is that the best brains shonld be leading Britain into the kind of post-industrial society that can psy its way in the world.

E. G. Wood.
Halfords House,
16 Fitzolan Square,
Sheffield.

The closed shop

From Mr. R. Clarke.

Sir,—Is it the idea to implement a closed shop which constricts industry, or effectively takes control from the management? Not so I think. The closed sbop is e fair method of keeping discipline on the sbop floor, and strengthening the bargaining position of that body.

The roots of the word democracy are from the Greek—Demos, the People—Kratein, to rule. From this one might assume that each individnal has his opportunity to voice ooinion, but at the end of the day all mnst ebide hy the corporate decision. This in itself is a defence of e closed shop.

With all this seld, however, Mr. Taylor's letter (August 4) is obviously prompted by some qnite undemocratic things which have happened in the name of trade onionism. This can only be changed hy mobilising the silent mejority of trade unionists, to take control of their branches, and offices of their respective unions. The best chance for democracy to survive is by the people participating from within, rather than baving restrictions imposed from without.

While I remain a confirmed Socialist and trade nnionist, it is therefore more pleasing to hear the Tory attitude of encouraging trade unionists to participate in their unions, than to hear the dogmatic views of those such as Mr. Taylor.

R. C. Clarke.
1, Meadow Lane,
Willaston, Wirral,
Merseyside.

Everyman's computer

From the chairman, Roffs Print.

Sir,—The article entitled "The End of an Era" on the Technical Page of August 24 could be confusing—on the contrary, it is the beginning of en era.

The item confirms our contantion that the growth in multi-part continuous stationery is levelling off, corresponding with the diminishing large computer market. But single part continuous stetionery markets for mini and micro computers will undoubtedly eontinne to expand.

As manufacturers of continuous stationery we know that we are on the threshold of a new era. In the very near future it will be far from unusual for a honsewife to purchase ber computer stationery in the same way as she currently buys writing paper for use in the computer at home.

The day of everyman's computer is only just around the corner.

Pat Wybrow.
Tregoniggie, Falmouth,
Cornwall.

Contracting-in option?

From Mr. R. Sloan

Sir,—Earlier this year you were kind enough to publish my letter detailing contracting-in/out figures disclosed by Legal and General and I feel that your readers may again be interested to see the updated figures relating to quotations issued in respect of their existing pension clients during the nine months to June, 1977:—

	%
Contracting-out	94
Integrated	1
Living-on-top	2
No decision made	3

It would eppear that only a maximum of 6 per cent. of the Legal and General's clients can be looking et the financial aspects of participating fully in the new State Scheme (that is, contracting-in). Although it la generally conceded that the cboice is a finely balanced one, it would seem that at least 94 per cent. of these companies are deciding to contract-out without having been given any specific figures with which to compare the alternative of participation.

R. K. Sloan
(Director and Regional Actuary).
Martin Paterson Associates,
9, Albyn Place, Edinburgh.

Excess wages tax

From Mr. A. Scott.

Sir,—I think it is utterly useless telling some of these beefy unions that they mnst not make hnge claims, becked up by various sanctions at the expense of the rest of the commnnity in pursuit of them. Attrition will be more effective.

They sbould be free to get on with it, hut as with other things we wisb to discourage they shonld he taxed. A tax sbould be levied on their funds based on numbers and the amount gained by them in excess of wbat the Government considers enough for what the economy can stand in one year if we are not to fuel inflation.

The tax would be enougb to cause second thoughts and would be a means of restoring the balance of power in the country. It is the poor and unemployed who suffer the most from inflation. They will say the tax is horrid, but too much success in their efforts will possibly raise income-tax on us ell. We have more than enough of that already.

The only exceptions allowed would be very proper claims for rises in line with a proven gain in productivity. For that there should be no limit. We know that our economy does not do as well as our comnetitors' because their rate of producivity is higber. We should pay by results and not in blanket form as a result of various forms of coercion.

A. H. Scott.
102, Beeches Road,
Chelmsford, Essex.

To-day's Events

GENERAL

Dr. David Owen, Foreign Secretary, contioues round of talks in Southern Africa on Anglo-U.S. proposals for Rhodesian settlement.

Executive of Association of Professional, Executive, Clerical and Computer Staff (APEX) meets to consider nossible motion at forthcoming TUC Congress if no settlement is made in Grunwick dispute on basis of Scarman Report.

Mr. Graham Barton, a former British Leyland employee, and Mrs. Barton appear after remand on forgery charges relating to "slush fund" letter, Bow Street Magistrates' Court.

Mr. Edward Taylor, Shadow Secretary of State for Scotland, addresses Lanark Conservative Association, Biggar, Lanarkshire.

Windscale public inquiry resumes, Whitehaven.

Edinburgh International Festival (until September 10).

COMPANY RESULT

Ladbroke Group (half-year).

COMPANY MEETINGS

See Week's Financial Diary on page 8.

EXHIBITIONS

Silver Jubilee Exhibition, showing story of the Royal Collection from Henry VIII to Elizabeth II, The Queen's Gallery, Buckingham Palace (all year).

Royal Portraiture in Photography, National Portrait Gallery, St. Martin's Place, W.C.2 (until October 2).

Jubilee Masterpieces, Victoria and Albert Museum, South Kensington, S.W.7 (until December).

Fabergé Exhibition, including loans from the Royal Collection, Victorie and Albert Museum, South Kensington, S.W.7 (until September 25).

National Postal Museum, King Edward Street, E.C.4. Open to public 10 a.m.-4.30 p.m. Monday to Friday.

OPERA

English Netional Opera production of La Vie Parisienne, Coliseum Theatre, W.C.2, 7.30 p.m.

BALLET

London Festival Ballet dance Les Sylphides, Night Shadow, and Prince Igor, Royal Festival Hall, S.E.1, 7.30 p.m.

Silver Jubilee programme of ballet by Sadler's Wells Company, Cambridge Guildhall (until September 3).

SPORT

Cricket: Fifth Test, England v Australia, the Oval, S.E.11. Golf: British women's open championship, Lindrick. Tennis: Green Shield junior hardcourt championships of Great Britain, Wimbledon.

COMPANY NEWS

Hampson forecasting further growth

SALES and profit at Hampson Industries have shown an increase in the first three months of the current year. The directors are hopeful that this progress will continue and that the full-year result will better the £565,749 pre-tax profit reported for 1976-77, Mr. T. Hampson Silk, the chairman, tells members.

Group cash flow remains very favourable with the company holding cash on deposit for much of the time. However, the position at year-end March 31, 1977, did not present the most attractive position owing to seasonal cash outflows, Mr. Hampson Silk points out.

As reported on July 21 profit was ahead 41 per cent. on sales up 42 per cent. from £7.44m. to £10.58m. With Treasury consent the net dividend is lifted to 0.75p (0.625p) per 5p share. A one-for-ten scrip issue is also proposed.

Net liquid funds at year-end were down £450,404 (up £55,807) with bank overdraft higher at £906,210 (£782,655).

Engineering and manufacturing activities produced a profit of £412,000 (£373,000) on turnover of £6.97m. (£4.88m.) and industrial cleaning, maintenance and allied service profit was £154,000 (£29,000) on £3.61m. (£2.56m.). Exports improved from £89,370 to £612,605.

In May the group disclosed an 8.5 per cent. interest in M.L. Holdings, manufacturers of mobile service equipment for servicing aircraft, and components and equipment for the aircraft, air-conditioning and refrigeration industries. The chairman says this should prove to be a very sound investment.

During the year two small companies, Newtown Engineering Construction Co. (Birmingham) and Clyde Hopkins (Fabrications) ceased to trade.

The contracting industrial cleaning division reported record profits as did the aluminium refining company, but there was a loss on the aircraft manufacturing side due to the recession.

The medical product company Surgical Implant Engineering, suffered a setback due to development costs exceeding those estimated to make it profitable. On the general engineering side a recession in the capital goods industry has affected performance but as soon as investment in the industry goes ahead, the group will be well placed to take advantage of the situation, he says.

Meeting, Birmingham, on September 23 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—H. Brammer, Horace Cory, Ladbroke Group, London United Investments, Noble and Lund.

Finals—Gresham Investment Trust, Sobranie.

FUTURE DATES

Interims—

BBA Group	Sept. 2
Brixton Estate	Sept. 21
Cohen Bros. Electrical	Sept. 19
Family Investment Trust	Sept. 8
Merchants Trust	Sept. 12
Nurdin and Peacock	Sept. 6
Oliver (George) (Footwear)	Sept. 16
Quick (H. and J.)	Aug. 31
Sale Tilney	Sept. 14
Tomatin Distillers	Sept. 27

Finals—

Blackwood Morton	Sept. 2
Cantors	Sept. 12
Decca	Sept. 5
BTV	Sept. 13
Helical Bar	Sept. 2
Rosehaugh	Sept. 2

Nolton profit in second six months

After a midway pre-tax loss of £64,600 against a profit of £83,221, investment company Nolton returned to profit in the second half to end the year to April 30, 1977, with a deficit of £13,682 compared with a surplus of £171,955. Turnover was slightly up from £2.19m. to £2.24m.

But there is no reason to believe that the results are anything but a temporary setback in the group's growth pattern, the directors say. Therefore, despite the results they feel justified in paying a dividend and are confident that the company will return to growth in 1977-78.

Stated earnings per 25p share fell to 0.42p (5.07p) and the net total dividend is lifted to 2p (0.6577p) with a final of 1.73p.

After a tax credit of £2,097 (charges £55,774) the net loss was £11,585 (profit £116,181).

A net capital profit of £30,402 on sale of investment properties was not included in the figures.

Comparisons have been restated to reflect change in accounting policy whereby deferred tax is now only provided when an actual liability is expected to arise.

London & Gartmore

Sir Nicholas Cayzer, chairman of London and Gartmore Investment Trust, says that it had been hoped that investment trust discounts to net asset value would narrow significantly. Despite recent bid activities in this sector of the market, discounts have still not narrowed. However, it is hoped that the potential value of investment trusts, and particularly London and Gartmore, will eventually be reflected in the stock market.

As already reported revenue before tax for the year to June 30, 1977 advanced 29 per cent. to £37,406 and the dividend is lifted from 0.24p to 0.5p net.

Investments in copper wire bars were sold at a reasonable profit during the year, reports the chairman.

Meeting, 2, St. Mary Axe, E.C., on September 20, at 3.

African Lakes grows midway —60% scrip

Despite a reduction in turnover from trading in Malawi, African Lakes Corporation reports taxable profit up by £116,351 to £375,115 for the six months to Jan. 31, 1977. External turnover was better at £2.92m. against £4.38m. Also a capital reconstruction and a three-for-five scrip issue is planned.

Mr. B. S. Cleminson, the chairman, says that it appears likely that net profits for the year ended July 31, 1977 will be similar to the £325,519 achieved in 1975/76.

With effect from March 26, 1977, operations in Malawi were transferred to Mandala, a new wholly owned local subsidiary.

The directors say that the "B" shares are an anomaly and they have decided it would be in the best interests of the company if holders of these shares were given the right to vote, as is attached to "A" shares. Therefore all of the company's shares are to be redesignated Ordinary shares.

An extraordinary meeting is to be held at Edinburgh, on September 20 at 11.30 a.m. to consider the change. All the 12,500 £1 "B" shares are in issue.

During the first six months the company benefited from a favourable rate of exchange, but since the company received no proceeds from the sale of tobacco over the period expenses on production of the crop have been excluded.

Although depreciation was higher at £150,217 (£64,985), tax, at £194,200 (£197,500) is proportionately less as a result of allowance on capital and agricultural developments particularly on Vizara.

Amropa Motor made a profit in Ethiopia compared with profit in the previous first half.

Attributable profit came out at £380,915 (£281,264).

Vibroplant sees good year ahead

With profits for the first few months of the current year continuing at a satisfactory level, Mr. G. B. Pilkington, chairman of Vibroplant Holdings considers that growth will continue and profits will show a further rise.

In the year ended March 31, 1977, group turnover rose from £5,634,950 to £6,770,545 in 1977 and the profit before tax has increased from £1,735,264 to £1,851,687.

The new depot at Grimsby, which was opened in June, is now fully operational and is already making a useful contribution to group profitability says the chairman. The group has also decided to maintain its presence in Killingholme, and with expansion in mind, have moved the depot to a freehold site which the company purchased some years ago for this purpose.

Airpac Rentals has continued to expand and now operates the biggest fleet of specialised compressors and ancillary equipment in Europe.

A new venture into the hire and sale of portable buildings has started well and there is every confidence it will prove a useful and profitable addition to the business.

There was a net decrease in liquid funds at the year-end of £743,066 (£427,981).

Meeting, Leeds, September 19 at 1 p.m.

Gibbs & Dandy little changed at halfway

Taxable profit in the first half of 1977 for Gibbs and Dandy advanced slightly from £127,273 to £132,875, on increased turnover of £4.23m. against £3.74m.

Profit was struck after gross debenture interest of £10,710 (same). Tax took £69,480 (£66,610).

In 1976, a record profit of £0.31m. was achieved, and a 1.629p net dividend per 10p share paid.

The company's activities include builders' merchants, ironmongers, tool merchants and electrical wholesalers.

FT SHARE SERVICE

The following securities have been added to the Share Information Service appearing in the Financial Times:—

Campari B (Section: Industrials).
Computer Sciences Corporation (Section: Overseas, New York).
Swire Properties (Section: Property).
Tozer Kemsley and Millbourn 8 per cent. Convertible 1981 (Section: Industrials Miscell.).
Kleen-e-Zee (Section: Industrials Miscell.).
LWT A (Section: Cinemas).
Forward Technology (Section: Industrials).

Freddie Mansfield

Sir Ronald Fairfield, chairman of Royal Worcester, which is to-morrow due to announce results for the first half of 1977.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Alyn and Deeside (0244 531212)	11¾	½-year	100	4-6
Barnsley (0226 203232)	11½	½-year	250	4-7
Elmbridge (98 28844)	12¼	½-year	1,000	4-7
Greenwich (01-854 8888)	12	½-year	1,000	4-7
Greenwich (01-854 8888)	12¼	½-year	5,000	4-7
Liverpool (051 227 3911)	10½	½-year	300	3
Liverpool (051 227 3911)	11½	½-year	500	4-6
Poole (02013 5151)	11¼	½-year	500	4-7
Redbridge (01-478 3020)	11½	½-year	200	4-7
Redditch (0527 67681)	11¼	½-year	1,000	5-7
Thurrock (0375 5122)	11¾	½-year	300	4-7

SIMCO MONEY FUNDS
(Saturn Investment Management Co. Ltd.)

Rates for deposits of £1,000 and upwards for w/e 28.8.77.

7-day Fund	% p.a.
Mon.	6.751
Tues.	6.489
Wed.	6.570
Thur.	6.533
Fri./Sun.	6.483
3-Month Fund	
Wed.	6.000

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross half-yearly. Rates for deposits received no later than 2.9.77.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	10¾	11	11¼	11½	11¾	12	12¼	12½

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England a/c FFI." FFI is the holding company for ICFC and FCI.

RESULTS AND ACCOUNTS IN BRIEF

AFRIKANDER LEASE—Results year to June 30, 1977, already known. Mining assets R1.5m. (R556,800), net current assets R1.48m. (liabilities R4,800). Meeting, Johannesburg, September 21.

ALLIANCE TRUST—Interim 2.2p (1.8p), as forecast earnings per 25p share for year to Jan. 31, 1978, are estimated as approaching 7.2p. Net asset value per share at July 31 was 330.5p (323p at Jan. 31).

ALLIED COLLOIDS GROUP—Results for the year ended April 2, 1977, already known. Group fixed assets £5.12m. (£4.21m.). Net current assets £4.25m. (£1.64m.)—loans and overdrafts £1.60m. (£1.14m.), and cash and bank balances £1.89m. (£0.2m.). Meeting, Bradford, September 20, at noon.

ASSOCIATED TOOLING INDUSTRIES—Results for year to February 26, 1977, already known. Group fixed assets £818,549 (£782,943), net current assets £135,594 (£198,333). Working capital down £124,204 (up £97,319). At August 12, 1977, Laser Engineering held 27.5 per cent. interest. Chairman says internal management figures for current year show improvement over previous first half. Meeting, Winchester House, E.C., September 16, noon.

AYER HITAM TIN DREDGING MALAYSIA BERHAD—Group turnover for year to June 30, 1977, $M48.62m. ($M41.19m.). Profit $16.71m. ($12.34m.) after tax $15.64m. ($20.27m.). Attributable $18.71m. ($12.34m.). Extraordinary items not included nil ($477). Second interim dividend 206.25 cents (75.8 cents). Earnings per share 274 cents (202 cents).

OOLLINGTON TEXTILE PRINTERS (subsidiary of Great Universal Stores)—Profit year to March 31, 1977, £114,829 (£101,416) before tax £45,843 (£43,514).

CARRINGTON INVESTMENTS—Results for year to March 31, 1977, already known. Group fixed assets £3.25m. (£3.11m.), current assets £713,208 (£259,216), current liabilities £251,309 (£193,985). Net borrowings up £102,000 (down £22,080). Scottish Amicable Life Assurance Society holds 9.8 per cent. interest. Chairman says results for current year are well up and directors hopeful improvement can be maintained. Meeting, Birmingham, September 22, 11.30 a.m.

DE BEERS CONSOLIDATED MINES—For the half year to June 30, 1977, in R000s: Revenue 477,671 (565,282), group pre-tax profit 453,543 (530,755), tax and State's share of profit 152,194 (156,451). Attributable 293,573 (347,620). Gross dividend per 5 cents Deferred share 17.5 cents (12.5 cents). Diamond Purchasing and Trading Company no longer subsidiary and not consolidated in 1977 first-half results. Chairman says high level of sales and profit relates in part to liquidation of old stocks. March price increase is being absorbed and the market remains firm.

LENNONS GROUP (supermarket operators). Results for year to April 2, 1977, reported July 2, with chairman's comments on prospects. Group fixed assets £5.92m. (£4.80m.). Current assets £11.65m. (£8.09m.). Liabilities £10.22m. (£5.60m.). Net outflow of funds £3.93m. (£1.49m. inflow). Mr. T. T. Lennon held 12.22 per cent. of equity on April 2. Meeting, Chester, on August 26, at noon.

NCHANGA CONSOLIDATED COPPER MINES—Results for year to March 31, 1977, already known. Fixed assets K310.4m. (K489.4m.). Net current assets K28.5m. (K49.5m.). Liquid funds increased by K74.2m. (K8.9m. decrease). Capital expenditure for year K16.1m. (K38.4m.). Meeting, Lusaka, August 25.

NEW CENTRAL WITWATERSRAND AREAS—Results for year to June 30, 1977, as known. Investments R1,692,857 (R1,874,687), net current liabilities R72,097 (R16,330). Chairman says investments in coal and diamonds remain favourable and income from investments in gold producers should at least be maintained. Meeting, Johannesburg, September 7.

NEW YORK AND GARTMORE INVESTMENT TRUST—For the half-year ended June 30, 1977. Revenue from investments £124,201 (£121,090), net interest paid on "back-to-back" loan £41,571 (£41,125), bank interest £29,128 (£52,345), management expenses £23,532 (£22,245). Revenue £10,980 (£5,766) before tax £17,573 (£2,927). Stated earnings per 25p share 0.03p (0.017p). Total net assets at June 30, 1977, £3,464,548 (£3,358,596 December 31, 1976). Net asset value 42.3p (44.9p).

NMC INVESTMENTS—Results for the year ended March 31, 1977, already known. Group quoted investments at market value £862,409—cost was £788,918 (£782,814—market value was £823,087). Chairman anticipates that the current year results will show improvement. Meeting, 15-25 City Road, E.C., September 21, at noon.

OIL AND ASSOCIATED INVESTMENT TRUST—At June 30, 1977 net asset value per 25p share including full dollar premium and before taking into account capital gains tax on unrealised profits and conversion of loan stock, was 90p, and after conversion 80p (65p).

PARINGA MINING AND EXPLORATION COMPANY—Loss for year to June 30, 1977 £2,326 (£17,260) after writing back investigating and prospecting costs £10 (write off £146) and adding back credit for net over provision for income tax £335 (£169). In 1976 £1,594 was written off the value of an investment and no adjustment of this type was required in 1977.

POLYMARK INTERNATIONAL—Accounts for 1976 are late because of a delay in obtaining figures from the French subsidiary. Accounts will be sent out on August 31.

PUGH, DAVIES AND CO.—Accounts for year to January, 1977, have been delayed but Board hopes to publish them in about four weeks time.

REED PUBLISHING HOLDINGS (Subsidiary of Reed International)—Pre-tax profit for year ended March 31, 1977 £32.97m. against £16.57m. Tax took £17.54m. (£9.26m.).

RIGHTS AND ISSUES INVESTMENT TRUST—Gross income £59,844 (£56,043) for half year to June 30, 1977. Deduct interest and management expenses £8,876 (£10,160). Net revenue before tax £50,968 (£45,883). Tax £17,838 (£16,710). Net asset value per 25p capital share 35.80p (35.60p) and per 25p income share 26.36p (17.90).

ST. GEORGE'S LAUNDRY (WORCESTER)—Results for year to February 25, reported July 12. Group fixed assets £693,339 (£593,995). Net current assets £91,571 (£132,769). Chairman says figures so far for current year show little sign of improvement. Meeting, Worcester, on August 23, at noon.

SOMPORTEX HOLDINGS (confectionery distributors, groceries and delicatessen)—Results for the year to April 30, 1977, reported July 27. Fixed assets £94,615 (£79,627). Net current assets £405,252 (£291,542). Meeting, Winchester House, EC, September 15, at 12.30 p.m.

GEORGE STURLA AND SON—Report and accounts for year to January 31, 1977 are expected to be completed by the end of September, 1977.

TRONOH MINES MALAYSIA BHD—For the half year ended June 30, 1977: Group turnover $M13.15m. ($M12.53m.). Profit $5.86m. ($1.18m.) after taxation $5.12m. ($1.59m.). Profit attributable $5.05m. ($1.07m.). Dividends absorb $1.86m. ($957,000).

VISCOSE DEVELOPMENT COMPANY (PROPERTY)—Interim dividend 1.155p (1.05p) net. Interim report will be posted September 12.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

YESTERDAY

DIVIDEND & INTEREST PAYMENTS—
Dawson International Ord. and A 1.8823p
Scottish and Universal Invests. 2.85p

TO-DAY

COMPANY MEETINGS—
Great Portland Estates, Cafe Royal W., 12
Hazlewoods (Proprietary), Rowditch, Derby, 11.30

BOARD MEETINGS—Finals:
Gresham Investment Trust
Sobranie
Interims:
Brammer (H.)
Cory (Horace)
London United Investments
Noble and Lund

DIVIDEND & INTEREST PAYMENTS—
Anglo-Indonesian Plantations 2.5p
Arlington Motor 5.17p
CNA Investments 5 cents
Daily Mail and General Trust Db. 7.512p
Elliott Group of Peterborough 3.87p
Latham (James) 5.27p
Sumner (Francis) 0.273p

TO-MORROW

COMPANY MEETINGS—
Johnson-Richards (H. & R.) Tiles, Stoke-on-Trent, 12.30
Leisure Caravan Parks, Hemel Hempstead, 11
Macdonald Martin Distilleries, Edinburgh, 12
Renwick Group, Paignton, 12

BOARD MEETINGS—Finals:
Esperanza Trade and Transport
James (Maurice) Industries
Linfood
London and Liverpool Trust
Stoddard Hldgs.
Suter Electrical
Interims:
Cement Roadstone
Fairclough Construction
Grovebell
Imperial Metal Industries
Nu Swift Industries
Pearl Assurance
Quick (H. and J.)
Robinson (Thos.)
Royal Worcester
Slough Estates
Weir Group

DIVIDEND & INTEREST PAYMENTS—
Allied Leather Industs. 5pcPf. 1.75p
Allnatt London Properties Db. 5¼pc
Anderson's Rubber 1.434p
Anglo-Argentine Trams Debs. 2 (3rd) and 2¼ (2nd)pc. 4½pc2ndDb. 2¼pc
Assoc. Biscuit Mfrs. Lns. 3¼ and 5¼pc
Atkins Bros. (Hosiery) 5½pcPf. 1.925p
Bank America 23½ cents
Banker's Invest. Trust 0.6p
Berry Trust Ln. 2¼pc
Bristol 11¼pcBds. Red. 31/8/77 £6.1327
British Industs. and Gen. Invest. Tst. Db. 3¼pc
Burmah Oil Ln. 4¼pc
Cannock Chase 11¼pcBds. Red. 31/8/77 £6.1327
Carclo Engng. 7.3553p
Carliol Inv. 7st. 1p. 4pcPf. 1.4p
Carter Hawley Hale Stores 22.5 cents
Central London (New Gtd. Assd. 1pc
Chubb and Son 2.2016p
City and International 7st. 5pcPf. 1.75p Ln. 2¼pc
City of London Brewery and Inv. Tst. Dfd. 0.825p. 20pcCum.Pf. 7p. 6pc1stPf. 2.1p. 6pc2ndPf. 2.1p
Colonial Securities Tst. Dfd. 2.5p
Combined English Stores Ln. 4¼pc
Croda International Ln. 5¼pc
Cronite Group 8pcPf. 2.8pc
Dacorum 11¼pcBds. Red. 31/8/77 £6.1327
Debenture Corpn. 1p
Decca 5pcPf. 1.75p
Derby Trust Income shares 6.299p
Dowty Ln. 3¼pc
Drayton Commercial Invest. 1.3125p
Duport 5pcPf. 1.75p
Edinburgh 11¼pcBds. Red. 31/8/77 £6.1327
English Card Clothing 1.62p
Equity Income Tst. Dbs. 2¾ and 3¼pc
Eva Industries 2.2p
Fodens 2.475p. 10pcPf. 10p
Foster (John) Ln. 4¼pc
General and Commercial Inv. Tst. 5¼pc Pf. 1.925p
Grant (James) Db. 3¼pc
Great Portland Estates 2.9011p
Greatermans Stores Pf. 3pc. Prefs. 2½, 2¾ (2nd), 2½ (3rd)pc
Gothrite Corpn. Ln. 3¼pc
Hastings 11¼pcBds. Red. 31/8/77 £6.1327
Hazlewoods (Proprietary) 0.9p. 7pcPf. 3.15p
Hepworth (J.) Dbs. 2¼, 3½, 3¼pc
Hickson and Welch 3.83p
Hillingdon 11¼pcBds. Red. 31/8/77 £6.1327
Hughes Tool 17½ cents
ICL Db. 3pc
Industrial and Commercial Fin. Corpn. Ln. 4¼pc
Inveresk 6pc1stPf. 2.1p. 6pc2ndPf. 2.1p
Johnson-Richards (H. and R.) Tiles 3.829p
Kaiser Aluminium and Chemical Corpn. 35 cents
Kynoch (G. and G.) 6½pcPf. 2.275p
Leda Invest. Tst. 0.98p
Leeds 11¼pc Bds. Red. 31/8/77 £6.1327
London and Holyrood Tst. 5pcPf. 1.75p
London and Scottish Marine Oil Ln. 3pc
London and Strathclyde Tst. 5pcPf. 1.75p
Lothian 11¼pcBds. Red. 31/8/77 £6.1327
Lyle Shipping 6¾pcPf. 2.3625p
McCleery L'Amie 5pcPf. 1.75p
Magnet Joinery Db. 4¼pc
Manchester 11¼pcBds. Red. 31/8/77 £6.1527
May and Hassell 6pcPf. 2.1p
Merton 11¼pcBds. Red. 31/8/77 £6.1327
Metal Box Ln. 3pc
Moorgate Investment 2.065p
Moorhouse and Brook 7½pcPf. 2.625p
Moorside Trust 1.25p
National Westminster Bank 5.165p. 7pc Pf. (2.45p)
Newark 11¼pcBds. Red. 31/8/77 £6.1327
Newham 11¼pcBds. Red. 31/8/77 £6.1327
Norton Simon 15 cents
Ogilvy and Mather Intnl. 35 cents
Reed Publishing Db. 4pc. Lns. 2¼, 3½, 4¼pc
Restormel 11¼pcBds. Red. 31/8/77 £6.1327
Richards and Wallington Industs. 7½pcPf. 2.625p
Salford 11¼pcBds. Red. 31/8/77 £6.1327
Scott and Robertson Ln. 5¼pc
Shaw Carpets 8pcPf. 2.8p
Sheffield 11¼pcBds. Red. 31/8/77 £6.1327
Smith Bulmer 6pcPf. 2.1p. 10pcPf. 3.5p
South Ribble 11¼pcBds. Red. 31/8/77 £6.1327
Strathclyde 11¼pcBds. Red. 31/8/77 £6.1327
Strand Riley Drummon 1p
Tamworth 11¼pcBds. Red. 31/8/77 £6.1327
Tollgate Hldgs. 0.5 cents
Triplevest Db. 2¼pc
UBM Dbs. 2¾, 3½, 3¼pc. Ln. 5pc
United British Secs. 7st. 5.95p
Vaux Brews. 6.02p
Waltham Forest 11¼pcBds. Red. 31/8/77 £6.1327
Wankie Colliery Db. 2¼pc
West Dorset 11¼pcBds. Red. 31/8/77 £6.1327
Weston-Evans 1.83967p
Woonalds Walker and Atkinson Ln. 4¼pc
Ynys-Mon-Isle of Anglesey 11¼pcBds. Red. 31/8/77 £6.1327

THURSDAY, SEPTEMBER 1

COMPANY MEETINGS—
Cawoods Holdings, Harrogate, 12
Meyer (Montague L.), Charing Cross Hotel, W.C., 12
Tex Abrasives, Colchester, 12

BOARD MEETINGS—
Finals:
Fisher (Albert)
Lead Investors
Marler Estates
Parker Timber
Interims:
British Petroleum
English and New York Trust
Howden (Alexander)
Imperial Chemical Industries
Kleeman Industrial
Matthews Wrightson

Metal Closures
Mixconcrete
Oceana Consolidated
Queens Moat Houses
Sharpe and Fisher
Spencer (George)

DIVIDEND & INTEREST PAYMENTS—
Amax Inc. 43¾ cents
Acrow Db. 3¼pc (Series A)
American Brands 78 cents
Ashdown Invest. Tst. Db. 2½pc
Assoc. Portland Cement Dbs. 3
Ayrton Saunders 5pcPf. 1.75p
BSR For redemption of the 10 1977 at par
Berisfords 0.7043p
Bootle 7pcRed. 1978-79 3½pc
Braby 8pcPf. 2.8p
Bristol 13¼pcRed. 19— 6¾pc
British Aluminium 6pcPf. 2.1p
British Sidac 7pc 2.45p
British Sugar 5.1876p
Brunechtle Invest. 7pcPf. 2.45p
Buffalo and Lake Huron Rwy. 2½pc (1st). Perp.Bds. 2¾pc
Cardinal Invest. Tst. Dfd. 1.5p
Carrier Corpn. 20 cents
Clarke, Nickolls and Coombs Ln
Clive Discount 0.0585p
Cornercroft 6½pcPf. 1.1375p
Corpn. of London 3½pcDb. 1983
Courage Db. 2¼pc
Damon Corpn. 5 cents
Daniell Breweries Db. 2pc
Dominion and Gen. Tst. Db. 2¼
Drayton Premier Invest. 7st. Db
East Surrey Water 2.8pc (frmly 1.4p). Dbs. 2, 2¼, 3½pc (19
East Worcestershire Waterwo (frmly 10pc) max. 3.5p 3.5pc (fr max. 1.75p. 2.8pc (frmly. 4p 1941) Pf. 1.4p. 3.85pc (frm Pf. 1.925p
Electric and Gen. Invest. Db. 4½
Fife 13¼pc Red. 1983-84 £4.13
Ford Motor 80 cents
Forte Holding Dbs. 4.8, 7.7pc
Foster Bros. Clothing 5½pcPf. 1.5
Gallaher Ln. 3pc
Greek 5pc 1914 (Assntd. with Cert.) 2½pc
Greenall Whitley 1.2099p. A 0
Greencoat Props. Db. 3¼pc
Harris (Philip) 2.507p
Heath (C. E.) 0.149
I.U. International 22.5 cents
Inco Class A and B 35 cents
Ingersoll-Rand 70 cents
Ireland 9¼pc 1991-96 4¾pc
Isle of Man Govt. 3½pc Reg. 19
Jamaica 7pc 1976-78 3½pc
Kleinwort Benson Invest. Dbs. 2
Lanarkshire 5½pcBds. 1977-79 2
Leisure Caravan Parks 3.149p
Lindsey 7pc Red. 1970 3½pc
London and St. Lawrence Invest 1.75p
London County 3pc Cons. 1½pc Cons. 1¼pc
London and Prudential Inv. Tst.
Low and Bonar 5½pcPf. 1.925p. Pf. 2.1. 6pc2ndPf. 2.1p
Lucas Industs. 6½pcPf. 2.275p
Mercantile Invest. Tst. Db. 1¾
Monsanto 5pcDb.Conv.Gtd.Ln. 2.5p
Myddleton Hotels 5½pcPf. 1.925
New Central Witwatersrand Ar. cents
Northern Ireland Electricity Se Ireland Electricity 6½pcGtd. 3¼pc
Nottingham 8pc Red. 1979-80
Nyasaland 4½pc 1971-80 2¼pc
Peninsular and Oriental Steam N Dbs. 1¾ and 1½pc (2nd)
Port of London Authority 6½pc London Reg. 1987-90 3¼pc
Port of Tyne Authority Mtg. I 12½pc) 2¼ and 5¼pc
Pratt (F.) Engineering 1.6482p
Prestige Group 1.76p
Ransomes and Rapier Db. 1¼pc
Redland 6½pcPf. 2.275p. Db. 3
Richardson-Merrell Inc. 22½ cent
River Plate and General Investm 1.5p. Dfd. 1.75p
Sainsbury (J.) Ln. 4pc
Salford 5¼pc Red. 1986-88 2¾p
Sangers Ln. 3pc
Schneiders (S.) 6pcPf. 2.1p
Schroders Ln. 3¼pc
Scottish Agric. Secs. 3½pcDb. 7pc. 5½pcDb. 1986-88 2¾pc
Sigaode Corpn. 33 cents
South Staffs. Waterworks 3.5pc 4.9pc Class A, B and C 2.45p
Spillers Dbs. 3½ and 3¼pc
Tarmac Dbs. 2¾, 3¼, 3½ (1986-9 (1989-94). Db. 3¼pc (1992-9
Taunton 10½pcBds. Red. 29/3/78 Db. 3¼pc
Telephone and General Tst. Db.
Tendring Hundred Waterworks (frmly. 8pc) max. 1.75p. 2.8p. (frmly. 5pc) max New 1.75p. 5.0pc (fr max. Ptd. 2.8p. 2.8pc (frmly. 1.4p). 4.2pc (frmly. 6pc) Pt. 2.1p. (frmly. 6¼pc) Red. Pf. 1982-83
Trans Union Corpn. 48 cents
Treasury 8¼pc 1997 4¼pc. 14 7¼pc
UBM Gp. 7½pcPf. 2.625p
Union Discount of London 8½p
Wall Paper Manufacturers Db. 2pc
West Kent Water 3.5pc (frmly. 5pc 1.75p. 3.15pc (frmly. 4½pc) 1.575. 4.025pc (frmly. 5¼pc) 1983-86 2.0125p. 4.2pc (frm Red. Pf. 1981-83 2.1p
Whitbread Dbs. 2¾ and 3¼pc
Whites (Timothy) Ln. 3¼pc
Witan Investment Db. 4pc. Db. 4p

FRIDAY, SEPTEMBER 2

COMPANY MEETINGS—
Blackman and Conrad, Bonnington W.C., 12
Pilkington Bros., St. Helens 2.30

BOARD MEETINGS—
Finals:
Blackwood Morton
Ega Holdings
Helical Bar
Rosehaugh
Interimst:
BBA Group
Church and Co.
Scottish Agricultural Industries

DIVIDEND & INTEREST PAYMEN—
Abbey Panels 1.3p
Agric. Mtg. 10½pcBds. Red. £5.4872
Barr (A. G.) 2p
Blackburn 11½pcBds. Red. 8/3/78
Bolsover 11½pcBds. Red. 8/3/78 5
Bonser Engineering 0.42p
Borders 11½pcBds. Red. 8/3/78 5¾pc
Bournemouth 11½pcBds. Red. 8/3/78
Bristol Waterworks 4.9pc (frmly. max.) Cons. Ord. 2.45p. 3.5pc (5pc) max. Ord. 1.75p
Brotherhood (Peter) 4.0625p
Caravans International 2p
Cardiff 11½pcBds. Red. 8/3/78 5¾pc
Cleveland 11½pcBds. Red. 8/3/78
12½pcBds. Red. 28/2/79 6¼pc
Bds. Red. 24/2/82 6¼pc
Clydebank 11½pcBds. Red. 8/3/78
Common Market Trust Ptpg. Shares
Cornercroft 0.9425p
Dunfermline 11½pcBds. Red. 8/3/78
Easington 11½pcBds. Red. 8/3/78
Edinburgh Industrial 0.1p
Grange Trust 0.78p
Hales Properties 1.4837p
Hereford 12pcBds. Red. 0/9/70 6pc
Hertfordshire 11½pcBds. Red. 8/3/78
Hutton (E. F.) 15 cents
Lincolnshire 11½pcBds. Red. 8/3/78
Lloyds Bank 4.15p
M and G Dual Trust Income 5p
Macdonald Martin Distillers A 5.76. 2.88p
Medina 11½pcBds. Red. 8/3/78 5
Meldrum Invest. Tst. 0.625p
Merthyr Tydfil 11½pcBds. Red. 8/3/78
Meyer (Montague L.) 2.025p
Monklands 11½pcBds. Red. 8/3/78
North Devon 11½pcBds. Red. 8/3/78
Norwich 11½pcBds. Red. 8/3/78 5¾
Ogwr 11½pcBds. Red. 8/3/78 5¾
Oldham 11½pcBds. Red. 8/3/78 5¾
Raymore 2.75p
St. George Laundry (Worcester) 0.
Southend-on-Sea 12¼pc Red. 1981
Torfaen 11½pcBds. Red. 8/3/78 5¾
Vale Royal 12½pcBds. Red. 28/2/79
Viscose Development 1.155p. 6pcPf.
Western Motor Ord. and A 0.0253
York 11½pcBds. Red. 8/3/78 5¾pc

SATURDAY, SEPTEMBER 3

DIVIDEND & INTEREST PAYMEN—
Islington 11½pcBds. Red. 1/3/78
Northern Irish and Scottish Inv. Tst.
Treasury 8pc Conv. 1980 4¼pc

هكذا من الأصل

ing dividends able

...ience of readers the dates when some of the ...mpany dividend statements may be expected in ...ks are given in the following table. The dates ...of last year's announcements, except where the ...meetings (indicated thus*) have been officially ...ould be emphasised that the dividends to be ...necessarily be at the amounts or rates per cent. ...n headed "Announcement last year." Preliminary ...ly accompany final dividend announcements.

Works Loan Board rates

IT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

: capital, cover based on dividend on full capital. indicated. ≡ Forecast dividend: cover based on previous year's ...idend and yield based on prospectus or other official estimates for ... ‡ Figures assumed. ‡ Cover allows for conversion of shares not now ...lends or ranking only for restricted dividends. ** Issued by tender ...lers of Ordinary shares as a "rights." ♥ 230 S-Afr. cents. ☆ Rights ...alisation. †† Minimum tender price. ◆ Reintroduced. ‡‡ Issued in reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to ...e holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-...etters. § With warrants. ⊘ After suspension.

BASE LENDING RATES

...nk	8 %	■ Hambros Bank	8 %
...sh Banks Ltd.	8 %	■ Hill Samuel §	8 %
...Express Bk.	8 %	C. Hoare & Co. †	8 %
...nk	8 %	Julian S. Hodge	9 %
...Ltd.	8 %	Hongkong & Shanghai	8 %
...nsbacher	8½%	Industrial Bk. of Scot.	8½%
...Bilbao	8 %	Keyser Ullmann	8 %
...Credit & Cmce.	8 %	Knowsley & Co. Ltd.	9½%
...Cyprus	8 %	Lloyds Bank	8 %
...N.S.W.	8 %	London & European	9½%
...Belge Ltd.	8 %	London Mercantile	8½%
...in Rhone S.A.	8½%	Midland Bank	8 %
...Bank	8 %	■ Samuel Montagu	8 %
...Christie Ltd.	8½%	■ Morgan Grenfell	8 %
...Holdings Ltd.	9 %	National Westminster	8 %
...k of Mid. East	8 %	Norwich General Trust	8½%
...hipley	8 %	P. S. Refson & Co.	8 %
...Permanent AFI	8 %	Rossminster Accept'cs	8 %
...& C Fin. Ltd.	9 %	Royal Bk. Canada Trust	8 %
...td.	8½%	Schlesinger Limited	8 %
...oldings	9 %	E. S. Schwab	9½%
...onse Japhet	7½%	Security Trust Co. Ltd.	9½%
...ates	9 %	Shenley Trust	11½%
...ated Credits	8 %	Standard Chartered	8 %
...tive Bank *	8 %	Trade Dev. Bank	8 %
...an Securities	8 %	Trustee Savings Bank	8 %
...yonnais	8 %	Twentieth Century Bk.	9½%
...awes	10 %	United Bank of Kuwait	8 %
...Lawrie ¶	8 %	Whiteaway Laidlaw	8½%
...rust	8 %	Williams & Glyn's	8 %
...Transcont.	9 %	Yorkshire Bank	8 %
...ndon Secs.	8 %		
...at. Fin. Corpn.	9½%		
...t. Secs. Ltd.	9½%		
...Gibbs	8 %		
...Durrant Trust	8 %		
...nd Guaranty	8 %		
...ys Bank ‡	8 %		
...s Mahon	8 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5¼%.
‡ Call deposits over £1,000 4%.
¶ Demand deposits 8%.
§ Rate also applies to Sterling Ind. Secs.

APPOINTMENTS

British-American Tobacco

Mr. R. J. Pritchard has been appointed a director of BRITISH-AMERICAN TOBACCO CO. from September 1. Mr. Pritchard was previously managing director of the tobacco division of Cia. Souza Cruz e Comercio, Brazil.

★

Lord Greenhill of Harrow has accepted an invitation from FIRST CHICAGO CORPORATION, parent company of the First National Bank of Chicago, to serve as a member of the Board of Directors' International Advisory Committee.

★

The Secretary of State for Employment has announced the appointment of two additional deputy chairmen to the CENTRAL ARBITRATION COMMITTEE. They are Professor Walter Hagenbuch and Professor Alan H. Thornton. Professor Hagenbuch is retiring shortly as Professor of Economies at the University of Kent. Professor Thornton was until recently Professor of Adult Education et Nottingham University.

★

RACAL ELECTRONICS GROUP. Mr. Max Kaye has been promoted to group controller with responsibility for co-ordinating the financial activities. He replaces Mr. John Coates, who was appointed to the main Board in March. Mr. Kaye joined Racal in 1971 as financial director of Racal Instruments and Racal (Slough). In 1974 he became group commercial controller, and was appointed financial director of Racal-Tacticom when it was formed in 1975. Mr. John Trubee succeeds Mr. Kaye as financial director of Racal-Tacticom. He has been financial director of Racal-Mobilcal, a subsidiary of Racal-Tacticom, since 1974. Mr. David Mackinney has been appointed financial director of Racal-Mobilcal. He joined tha company as financial controller in 1974, and became divisional financial controller of Racal-Tacticom in 1976.

★

Mr. Ray Tindle has been appointed a vice-chairman of ESSEX AND EAST LONDON NEWSPAPERS. Mr. Tindle, who has been a director of the company since 1976, is chairman of Farnham Castle Newspapers and of London and Westminster Newspapers, and is also vice-chairman of tha Surrey Advertiser Group.

★

Mr. Peter Jolliffe has been appointed to the new post of director of marketing (Europe) for the TRUE TEMPER CORPORATION of Cleveland, Ohio. Mr. Jolliffe, who is based in London, was previously director of operations, U.K., for Arrow Fastenar.

★

Mr. A. R. Jefferies has been appointed financial director of ARMOUR PHARMACEUTICAL COMPANY and Dr. W. S. Munro becomes medical director. Mr. Jafferies joined the company in 1975 and Dr. Munro in 1976.

★

Mr. Richard Vinsen has been appointed marketing director of STRONGWORK DIVING (INTERNATIONAL). He was previously marketing manager.

★

Mr. Andrew Welton has been appointed general manager of SENELCO, a joint subsidiary of CT Bowring and Herbert Morris which markets electronic article surveillance systems.

★

Mr. Alan Tame, previously Seaspeed's commercial and planning manager, has joined tha Board of BR HOVERCRAFT as marketing director.

★

Mr. C. J. Knowles has been appointed company secretary for the SOUTH AFRICAN WINE FARMERS ASSOCIATION (LONDON).

★

Mr. C. D. Sparkes has been appointed vice-president by CITIBANK, NA. Ha is chief sterling foreign exchanga dealer in London.

★

Mr. J. D. Farmer has been appointed marketing director of MAGNETIC COMPONENTS (Plantation Holdings Group).

★

Mr. Geoffrey Holland has been appointed to the new post of director of special programmes at the MANPOWER SERVICES COMMISSION.

★

Mr. A. F. Devenport, financial director and secretary of the PHOENIX TIMBER COMPANY, is to retire at the end of September and he will be succeeded by Mr. D. S. Cook.

★

Mr. Michael Frith, financial controller of THOMSON TRAVEL, is to become financial director from September 1.

★

Mr. L. Goldhart has been appointed joint managing director of QUEEN STREET WAREHOUSE (HOLDINGS).

HOME CONTRACTS

£2.5m. sewage work for William Press

WILLIAM PRESS AND SON has received a contract worth £2.5m. for the utilisation of liquid digestad sewage sludge from the Metropolitan Public Health Division of the Thames Water Authority. In e project involving seven London area sewage works, Press will be responsible for implementation of the Authority's new soil treatment service, to be known as "Thamesgro Soil Treatment." Thought to be the first of its kind in the U.K., the service will not only provide farmers with supplies of nitrogen-rich digested sludge but also include its dispersion onto tha land, at predetermined rates. The project starts in September 1977 and will run until March 1979, during which time it is estimated that Press will have dispersed some 567,000 tonnes of this manure

★

EMI SOUND AND VISION EQUIPMENT has won a Post Office telephona dial contract worth more than £1m. Production will be carried out at the company's factory et Treorchy, South Wales, of a new design of dial using the latest advances in injection moulding techniques.

★

REDIFON SYSTEMS SIMULATION has been awarded a contract by International Aeradio to supply a new digital air traffic control radar simulator. Tha third Redifon simulator to have been purchased by IAL, it will be installed at Bailbrook House, IAL's new training centre in Bath where the company's College of Air Traffic Services, at present located at Oxford Airport, is to be transferred in October next year. Tha simulator, Type C8014-E16, is a development of Redifon's 8000 series.

★

ALFRED HERBERT has won an order from the British Steel Corporation for a roll grinding machine worth £427,000, the largest order ever received by the company for a single mechine. Due for delivery in September 1978, it will be installed in the heavy plate mill at Scunthorpe, where it will be used to re-grind work rolls and back-up rolls up to 100 tonnes in weight and up to 8ft. in diameter by 24ft. long.

★

CREST ENGINEERING (U.K.) has been swarded a contract by Chevron Petroleum (U.K.) to undertake engineering and design services for topside facilities on the Northern platform to be located in the Ninian Field in the U.K. sector of the North Sea. Work includes studies of production schemes; datailed design of facilities; interfacing and design tie-in to existing facilities; requisitioning, purchasing, expediting and inspection of equipment and materials; technical assistance during module fabrication; and preparation of commissioning and operation manuals. Over the past three years Crest has undertaken process studies, front-end conceptual design and detailed structural design of the topside facilities for the Central and Southern platforms.

Money and Exchanges

Bank of England Minimum Lending Rate 7 per cent. (since August 12, 1977)

Discount houses experienced a good supply of day-to-day credit in the earlier part of last week, so much so thet the Bank of England intervened on two occasions to mop up the surplus by selling Treasury bills. Substantial tax payments on Wednesday gave rise to an exceptional shortage and the euthorities took advantage of this to lend a moderate amount to seven or eight houses at MLR for repayment in seven days. This was in addition to overnight loans and official purchases of Treasury bills and local anthority bills.

The seven day loan was taken as a clear indication of the Bank's desire to see short-term interest rates stabilise for the time being. On Wednesday, howaver, discount houses buying rates for three-month Treasury bills stood at 6⅜-6¼ per cent., well above tha level which would point towards a cut in MLR. Interest rates did remain steedy for the rest of the week and at Friday'e Treasury bill tender, the average rate of discount fell only by 0.0020 per cent. to £6.4184 per cent. thus leaving MLR unchanged et 7 per cent.

Conditions remained tight on Thursday and the authorities again gave assistance with overnight loans and purchases of Treasury bill and local authority bills. On Friday only a small shortage was experienced but with the Bank intervening once more.

Sterling showed a firmer tendency against the U.S. dollar in last week's foreign exchange market although this did not really reflect its true performance. The dollar suffered from a large degree of nervous speculation surrounding the publication on Thursday of U.S. trade figures, and with the Bank of England keeping a fairly tight rein on the dollar/sterling rate, the latter suffered slightly overall as a consequence against other major currencies. The pound's trade weighted average index which the Bank calculates, slipped to 62.0 from 62.1 the previous Friday. In terms of the dollar, sterling finished at $1.7418-1.7422—a gain of 16 points. At one time the rate was seen at $1.7426 but late Thursday and Friday saw a recovery in the dollar. This was mainly as a result of the U.S. trade figures which were not described as good but were certainly not as bad as some had expected.

The dollar may bave suffered earlier on from fears that U.S. interest rates may bave peaked for the time being although the narrowing of interest differentials between U.S. and U.K. rates was reflected in forward sterling, the three month discount against the dollar narrowing quite sharply at ona point to 0.40c before finishing unchanged at 0.55c. Morgan Guaranty's calculation of the dollar's trade weighted average depreciation showed a deterioration to 0.89 per cent. against 0.67 per cent. the week before.

Elsewhere the Swiss franc improved to finish at Sw.Frs.2.3772½ against Sw.Frs.2.4195 the previous Friday, while the West German mark showed e reasonabla gain to DM2.3125 from DM2.3285. The mark's trade weighted appreciation on a Morgan Guaranty basis improved to 31.08 per cent. from 30.97 per cent. In rather featureless trading gold improved $¾ an ounce to $144¾-145¼.

Aug. 26 1977	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
[illegible]										

FOREIGN EXCHANGES

OTHER MARKETS

GOLD MARKET

EURO-CURRENCY INTEREST RATES*

FORWARD RATES

MINING NOTEBOOK

Will Anglo be forced to give up at Blue Spec?

BY LODESTAR

IS IT CURTAINS for Blue Spec? This gold-antimony mina in Western Australia's Pilbara certainly marks a sad debut down-under for the giant Anglo American Corporation. For its shareholders it is, of course, only a pin-prick but it is much more than that for those of Metramar Minerals which has been pinning its profit-earning hopes on this particular venture in which it once had a 50 per cent. stake.

Now it only has 13.6 per cent. and probably wishes thet it did not even have that. The other suffering participant is Australian Consolidated Minerals with 9 per cent. What went wrong? The answer is practically everything, ore grade, metal recovery and costs. A few figures show by how much.

Production started in mid-1976. In the June quarter of the current year head grade of 24.14 grams gold per tonne and 2.65 per cent. antimony compared with estimates in the feasibility study on which the go-ahead decision was made of 45.14 grams and 4.83 per cent. from proved and probable reserves of 79,636 tonnes. Costs in the year to Juna averaged $A138 per tonna of ore, well up on the predicted $A85.

The ona ray of light, I bear from Australia, is that the four weeks to July 23 was the best period to date, producing tha first cash surplus. The operating loss for the year to Juna was $1.85m. before allowing for amortisation. It looks, in fact, as though Metramar will virtually have to write off its investment in Blue Spec in its 1976-77 accounts.

And just to rub salt into the wound the underground exploration to increase reserves which give the mine only a 28-month life was complated in April without yielding the hoped-for additional tonnages. So the best that Matramar's chairman Mr. Tony Motion can say on this score is that a potential for further ore still exists but, ha adds, no fresh exploration or prospecting in the area are currently planned by the joint venture.

Meanwhile Anglo American is continuing its avuncular role so far as its junior partner is concerned by granting further concessions in the joint venture financial agreement with Metramar. But this is cold comfort for the latter's shareholders who were unable to deal in the stock for over four months, listing baving been suspended et the company's request on March 25. A move which was criticised in this column especially the alleged reason, namely to stop "gold price" speculation in the shares.

Only recently has the suspension been lifted. On Friday the London cum premium price was 2p to 5p compared with 24p in March. The only hope that cen be held out is for the gold price to boom and that looks to be a slim chance in anything like the near-term future.

Sally Malay

In the meantime, the question arises as to where Anglo American is now going down-under after such an inauspicious start. Australian sources suggest that its most promising prospect is in the area of the Sally Malay nickel-copper find first referred to here last January when Melbourne-based managing director Mr. Clive Hildebrand indicated that enough data should have been amassed by tha end of 1977 for a decision to be reached as to whether a full-scale feasibility study would be warranted.

Sally Malay is near Turkey Creek in the north-eastern corner of Western Australia. It is considered doubtful whether enough ore has yet been indicated to justify the beavy capital expenditure that would be required to establish a mine in this remote region even taking into account the possible eventual availability of relatively cheap power from the Ord River dam.

However, Anglo is reported to be pressing on with the exploration of other deposits in an area which it should know well by now having been working there since 1972. Nickel grades are rumoured to be around 2 per cent. with tha addition of some copper. The situation is boiled down in Perth to the fact that what Anglo wants is to find another Sally Malay sufficiently nearby for tha two properties to be worked jointly.

One thing is certain: After its experience at Blue Spec this South African mining house will need to be 100 per cent. sure about a nickel venture before it would embark upon it. And it would also want to see a much brighter market for the metal than can at present be envisaged.

A Uranium Dream

It was in March that e section of this column was headed "Dan Hill's Dream." Despite the many strings ettached to it the Australian Government's decision to let the mining and export of uranium go ahead may have brought that dream a little nearer reality. Since March Mr. Hill has managed to get Canadian financial backing for his company Geometals through a share deal with that country's Consolidated Morrison Explorations.

The bait, as outlined here in March, is Geometal's uranium prospect in Queensland not far away from the RTZ group's struggling Mary Kathleen mine. The "dream" is that if Geometals can prove up a viable open pit proposition, which its chairman reckons that it has a good chance of doing, then it could bring it speedily into production through a deal with Mary Kathleen, at present Australia's only uranium producer.

This would giva access to an existing infrastructure and to a plant which is producing well below the capacity to meet Mary Kathleen'e contractual commitments. While there would at least be an absence of the aboriginal and national park problems which are causing so many complications for the big potential producers in the Northern Territory.

To make the deal attractive Geometals would have to be in a position to provide e grade of ore that would raise Mary Kathleen's at present low average. Whethar it will be able to do so has still to be proved. But with Consolidated Morrison's backing Geometals is preparing to put it to the test with e drilling programme due to start any day now. This will show whether limited bulk sampling has been giving a reliable picture of prospects.

On its results depends the course of Geometals shares now quoted in London at 4p compared with 8p in March. Dan Hill's "dream" now is that the project could conceivably be first past the post in the race for production that Mr. Malcolm Fraser has touched off. But there are still many hurdles — environmental, trade union and bureaucratic — to be crossed by all the runners therein.

★ ★ ★

Another welcome annual mining "bible" has made its appearance. It is the Northern Miners' Canadian Mines Handbook. It contains the usual plethora of information about the country's minerals industry in a statistics-packed 412 pages which include many useful maps. Canada also bas its share of hopeful junior exploration companies, many of which are showing signs of revived activity. The handbook is obtainable from 77, River Street, Toronto, Ontario M5A 3P2, price $12.

INSURANCE

Unfair Contract Terms Bill will have indirect effects

BY OUR INSURANCE CORRESPONDENT

WITH PARLIAMENT in recess until late October, one of the pieces of legislation waiting for the finishing touches before it moves off the production line is the Unfair Contract Terms Bill, which so nearly suffered the fate of many private members' Bills io the crowded Fridays at tha end of last month.

When it becomes operative (and February 1 has been suggested as a likely operative date), the Bill will affect all kinds of contractual liabilities by applying a reasonability test to exclusion clauses.

Indirectly, insurers providing liability protection will have to shoulder a greater burden, of uncertain extent, which will be determined only by the volume and cost of extra claims that come in as a result of tha Bill.

This is a consequence of so much modern welfare legislation, and a consequence to which insurers are well used, but it is a consequenca which is most unwelcome, particularly as the likely operative date affords time clearly insufficient to allow insurers the opportunity of getting extra premium on a full ennual renewal cycle from those policyholders most affected.

Excluded

Insurance contracts ere expressly excluded from tha scope of the Bill, and so insurers bava escaped the years of frustration and uncertainty and have evoided the heavy cost that would have ensued if each private insurance contract and each standard form contract had been potentially subject to review by the courts.

Insurers have had to pay a price for this. It was mede cleer at Christmas, when the Bill first got off the ground, that although the Department of Trade had considerable sympathy with insurers' arguments that they should not be caught by the new legislation, the Insurance Trade Associations should take as positive steps as possible to alleviete any lurking public suspicion that insurance exclusion clauses are at any time used unfairly.

In May, the British Insurance Association issued its Statement of Insurance Practice, which was restricted to non-life insurances of policyholders resident in the U.K. and insured in their private capacities only.

During the summer months, tha life offices have been considering among themselves and discussing with the Department of Trade the wording and issua of a parallel statement for long-term insurance business.

Agreement has been reached, and the two statements, non-life and life, substantially complement one another: although there are differences in layout and wording, clearly tha earlier non-life statement has been taken as tha foundetion.

Thus both statements emphasise the obligation on insurers to draw the attention of eech proposer to the lew of materiel facts, to the consequences of non-disclosure and to emphasise that if the proposer is in donbt as to the materiality of any fect, he should disclose it: those matters insurers have commonly found to be material should be the subject of clear question.

The proposer should not heve to answer questions to which he cannot reasonebly give any accurate enswer—the wording of the non-life statement ie perhaps more lenient, because materiality is concentrated, being almost completely limited to the life assured's physical characteristics.

Both stetements require the provision of a copy proposal to the policyholder in the event of dispute, but the life statement, recognising that there is trading in life policies and that in the event of dispute the originel proposer mey not be the disputant, provides that information not relative to the issue will ha deleted if it is necessary to preserve confidentiality.

The claims handling sections of the statements, although in different words, say very much the same thing. Strict time limits are to be modified to the requirement of providing information as soon as reasonably possible, except where legal process is involved on the non-life side. But fraud, deception, negligence as to meteriality, may still entitle insurers to repudiate.

Because of the essentially different charecter of life assurance, the life stetement has two special provisions dealing with information to be included in life policies and documentation, as and when reprinting allows.

First, the circumstances in which interest accrues after maturity must be made clear to the policyholder and second, be must be informed whether he has any rights to a surrender velue, and, if so, what those rights are.

COMPANY NOTICES

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

The Financial Times Tuesday

Entertainment Guide

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

ART GALLERIES

Busmen reject Tyneside jobs warning

TYNESIDE'S trouble-hit rapid transit scheme, behind schedule because labour disputes, has run in new row.

...IDS

BY MARY CAMPBELL

...J.S. dollar sector ahead

...ds in the U.S. ...be market have ...: last ten days. ...reason for this ...are taking the ...terest rates are ...se further and ...They base this ...e evidence that ...rate is tailing ...rce Department ...f leading econo... ...lue for publica... ...widely expected ...ird consecutive ...nd the recent ...he U.S. money ...mained more or ...in the most ...; week, having ...us week.

...cumstances the ...is not expected ...tes any further ...being.

...ic decision to ...t levels in bonds ...hort-term bank ...y expect a heavy ...to the market in ...as investment ...o from holiday. ...band, the new ...has picked right ...ere is now more ...than at any time

...ect so far of the ...rates has been to ...more inclined to ...on paper whether ...on is due to the ...the borrower or ...aturity. The shift into longer paper of longer maturity can particularly be seen from yesterday's increase in the size of the longer-term tranche of the Australian issue from $100m. to $150m.

At the other end of the spectrum, the National Coal Board's issue which started trading yesterday (albeit in thin conditions since the London market was closed for a national holiday) was bid only at 97¼. Given the 99 per cent pricing this is within the selling group discount but hardly shows enthusiasm.

Last week's disappointment was ICI's $100m. convertible. With the conversion price set at 460p for a 13 per cent. premium over the 407p price of the underlying stock, it traded down on Friday's first time dealings to 96¼ bid, a price which it maintained yesterday in dealings on the continent.

The conversion premium, 12 to 15 per cent., indicated conversion premium was high by recent Eurobond market standards (the Japanese usually offer about 10 per cent., and though the recent INA issue closed with a premium of 12.79 per cent., the only other major British issue this year, for Inchcape, was priced with a conversion discount).

Dealers had not therefore expected a wild success.

On the other hand, the sharpness of the slide in the price had not been anticipated either. This is attributed partially to the size of the issue and partially to the fact that the relatively high conversion premium is to be added to a share price close to its historical peak: the underlying equity price of 407 compares with a high of 418p. Since conversion rights cannot be exercised until next May so that even if the present bull market continues for some time and does push the price up above 460p, investors are unlikely to be able to capitalise on it.

Finally there was the size of the issue. One convertible bond dealer summarised the position by saying that the terms were right but the issue was too big—there was just too much paper to be absorbed, at any rate immediately.

The situation in the D-mark foreign bond market is currently dominated by domestic interest rate considerations more than by any other factor. With the domestic bond issues currently being issued at 6 per cent. and plenty of liquidity around, German investors are turning particularly to the high coupon foreign bond issues being arranged for borrowers such as Brazil and Mexico.

The Capital Markets Sub-Committee meeting yesterday apparently produced a calendar of about DM900m. worth of foreign bonds in September (excluding issues by international institutions). The issue for the Austrian Girozentrale has reportedly been postponed.

BONDTRADE INDEX

	August 29	August 26	August 19	July 29
Medium term	102.78	102.77	102.76	102.90
Long term	96.15	96.13	96.10	96.24
Convertible	110.03	110.58	110.78	110.87

EUROBOND TURNOVER

(Nominal value $m.)

	U.S. $ Bonds Last week	Previous week	Other Bonds Last week	Previous week
Cedel	430.3	314.8	170.6	173.8
Euroclear	975.6	1,002.4	339.9	181.2

CURRENT EUROBOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡Gotaverken	40	1982	Bullet	7¾	100	Bank of America	7.62
„ (g'teed Sweden)	40	1987	7.6	8½	99½	Intnl., Orion	8.70
§‡ICI	100	1997	—	6¾	100	S. G. Warburg	6.75
‡National Coal Board (g'teed Britain)	100	1987	8.2	8	99	S. G. Warburg	8.15
†Hapoalim Intnl.	30	1982	Bullet	7¼/6¾‖	100	Bank Hapoalim	7.51/6.86‖
§Beecham	30	1992	—	6¾	100	Hill Samuel	6.75
Barclays	100	1992	¶—	8½	*	Barclays Intnl., UBS	*
§Bank Leumi	10	1984	—	7	100	Bank Leumi	7.00
†Bank Leumi	20	1984	Bullet	6¾‖	100	Bank Leumi	6.86‖
Australia	100	1984	Bullet	7½	99¾	Deutsche	7.59
Australia	150	1992	10½	8¼	99½	Deutsche	8.31
Redpath Industries	25	1989	Bullet	9	*	Wood Gundy	*
§Mitsui Real Estate Dev. Co.	20	1992	—	6	100	Crédit Lyonnais, Nomura	6.00
Light Servicos de Electricidad (g'teed Brazil)	50	1982	Bullet	9	*	WestLB	*
CANADIAN DOLLARS							
‡¶Canadian Acceptance Corp. (g'teed CIT Intnl.)	35	1982	Bullet	9¾	100	Dillon Read, Kuhn Loeb	9.37
Quebec Urban Community	15	1984	Bullet	9½	*	European Banking	*
D-MARKS							
‡Pyhrn Autobahn (g'teed Austria)	50	1989	9½	6½	100½	WestLB	6.22
‡Pemex	150	1984	Bullet	7	100	WestLB	7.00
‡¶Austria	100	1987	8	6	100	Dresdner	6.00
Malaysia	100	1985	Bullet	6¾	100	Deutsche	6.75
§Jujo Paper	60	1987	—	5¾	100	WestLB	5.75
GUILDERS							
Austria	75	1992	10½	7½	99	ABN, AmRo	7.87
SWISS FRANCS							
‡Finland	80	1992	n.a.	5¼	99	Crédit Suisse	5.35
‡Oesterreichische Kontrollbank	80	1992	n.a.	5	100	Swiss Bank Corp.	5.00
‡Quebec Hydro	100	1992	n.a.	5	99½	UBS	5.05
Forsmarks Kraftgrupp (g'teed Sweden)	100	1992	n.a.	5	*	Crédit Suisse	*

* Not yet priced ‡ Final terms † Floating rate note § Convertible ‖ Minimum ¶ Placement

Rey plea on Bally rejected

By John Wicks

ZURICH, August 29

THE SWISS Federal Ministry of Justice has rejected an objection by Werner K. Rey, controlling shareholder of C. F. Bally A.G., to a ministry ruling that the Bally shoe company and individual subsidiaries in Switzerland must supply details of their real estate holdings.

The information had been requested by the authorities last month in connection with Swiss regulations governing the purchase of property in the country by persons resident abroad. Until early this year, Mr. Rey, who is Swiss, had lived in London. Should one-half or more of Bally's Swiss assets prove to be held in the form of real estate, the company would count as a real estate company within the meaning of the so-called "Furgler Law," named after Switzerland's Justice Minister and current President Kurt Furgler.

Mr. Rey has until this week to lodge an appeal with the Federal court in Lausanne. The court is already dealing with an appeal by Mr. Rey against the withdrawal by the Federal Banking Commission of the concession of Overseas Development Bank, Geneva.

...AN NEWS

...ti-trust move urged on Congress

...YLES NEW YORK, August 29.

...BELL, the United ...ey-General, has ...Congress may be ...than the courts ...merits of the ...huge anti-trust ...erican Telephone

...emarks, made in ...interview, have ...ir in Washington, ...appears to have ...philosophically, ...the aim of start... ...te on the matter ...eralding a new ...h.

...-General has pre... ...the question in ...s is the first time ...out the AT and T ...ible candidate for ...: It is known that ...een sharp policy ...ithin the Justice ...anti-trust division ...e case should be ...

...clarification; Mr. ...an, the associate ...eral, said at the week-end that Mr. Bell was not indicating any dissatisfaction with the way the case has been conducted but wanted to suggest that some anti-trust cases may be too big and complex for the court system to handle within a reasonable time.

The department's suit, filed in November, 1974, seeks to force AT and T to divest itself of the Western Electric Company, which is its manufacturing unit, and all or part of its Long Lines Division which handled long-distance calls.

Mr. Bell is quoted as asking whether, if Western Electric was spun off, where the telephone company's a whale now, would it end up as three sharks or two sharks?

"Who's going to make that judgment? My argument is that Congress can make it just as well as the courts and may be better in something like that."

U.S. Steel to cut 1,000 jobs

BY OUR OWN CORRESPONDENT NEW YORK, August 29.

THE U.S. Steel Corporation, badly hit by falling sales and competition from imports, plans to cut up to 1,000 white-collar jobs in its central steel division and has raised a question mark over the future of one of its older Chicago plants.

A spokesman for the company has confirmed that administrative staff in the central steel division will be reduced by between 10 and 20 per cent. by the end of the year. This could affect up to 1,000 white-collar workers at five plants in the Chicago area, which employs a total of 35,000 hourly-paid and salaried workers.

Meanwhile U.S. Steel's vice-president of operations, Edward L. Smith, revealed at the week-end that the company's South Works in Chicago is "in danger" of closure. More than 8,500 people work at the 97-year-old plant, which produces plate and structural steel products.

Most of America's steelmakers are slimming down and retrenching in the face of their current market difficulties. Bethlehem Steel recently announced cuts of more than 7,000 jobs at two plants and an overall reduction in output of some 10 per cent.

...ESE NEWS

...reigners increase stake in Japan

...AS RAMSEY TOKYO, August 29.

...tures in Japan are ...gger shareholdings ...nese operations, a ...after the oil crisis ...ed in the newest ...reign-capital affili... ...ses in Japan. The ...y by the Ministry ...nal Trade and In... ...) covers the fiscal ...arch 31, 1976, and ...the trend has ...since then.

...o MITI, which sur... ...terprises in which ...d more than a 25 ...est, the percentage ...shareholdings has ...per cent. in 1972, ...in 1974 and then ...20 per cent. last ...-50 joint ventures ...one-third of the ...per cent. ventures ...cent.

...the tendency for ...ers to increase the ...l in a joint venture ...llel transfusion of ...e Japanese side as ...l method whereby ...the foreign stake ...owever, there have ...notable cases of ...is selling out their ...reign partners, for ...sale of Takachibo's ...per cent. holding ...rocessing joint ven... ...reign partner Bur... ...now qualifies as ...largest and most ...lly-owned foreign ...Japan. C. Itoh ...rgest trading com... ...no likewise in sell... ...in a similar joint ...ntrol Data Corpora...

...many reasons for ...foreign holdings in ...ntures. The most ...that minority shareholdings have deprived foreign managers of participation in company policy, plus of course, the attractions of 100 per cent. ownership.

Full ownership (except in certain protected industries) has only been allowed in Japan since the last round of liberalisation in 1973, and the data processing business did not come under the liberal rules until 1975. So companies which came in during the 1960s, or after 1967 when most of Japanese industry was opened up to 50-50 ventures, have now been reassessing their stakes in joint ventures.

In several cases the companies have opted instead for 100 per cent. holdings. The attractions are all the more obvious since in most cases foreign ventures have traditionally been assigned less capable staff from the Japanese partner, so management has tended to be less effective.

Toyota profit tops record

TOKYO, August 29.

THE TOYOTA MOTOR Company to-day announced a Y117bn. ($443m.) profit for 1976, a record for any Japanese firm, reports Reuter.

The previous record of Y99.6bn. ($375.5m.) was also established by Toyota in 1975. Japan's biggest car maker said it hoped to maintain this year's profit at the 1976 level, despite the yen's appreciation and protectionism in some markets.

Exports in 1976 increased 22 per cent. following good sales in the U.S. and Saudi Arabia, but domestic sales fell 3.5 per cent., it said.

Toyota plans to increase production to 2.85m. vehicles in 1977, including 1.35m. for export. This compares with 2.61m. and 1.29m. respectively in 1976.

Jardine Secs. lifts payment

JARDINE SECURITIES (subsidiary of Jardine, Matheson) has declared a final dividend of 30 cents (26) for the year ended June 30, making a total of 45 cents (35) on capital increased by one for ten bonus issue last year, reports Reuter from Hong Kong.

The Board said it plans a further one for ten bonus issue.

Net revenue totalled $HK42.3m. ($HK28.1m.). Net asset value $HK805m. ($HK771m.), equivalent to $HK9.60 per share ($HK10.12).

The company said it expects the total dividend of 45 cents to be at least maintained in the current financial year on the increased capital.

Daiwa Seiko Europe issue

JAPAN AND the world's top manufacturer of fishing equipment, Daiwa Seiko, plans to issue Continental depositary receipts worth $9m. this November, reports Yoko Shibata. Japan's Ministry of Finance is understood to have approved Daiwa Seiko's stock offering in the European capital market, the first for the company—which has a major subsidiary in Britain.

The stock is to be listed in Luxembourg and will be offered for public subscription at market value. The company has been expanding overseas production and sales outlets, with plants in Taiwan and South Korea, and through its sales unit, Daiwa Corporation in the U.S.

The company recently set up a fishing-equipment manufacturing joint venture with Grampian Holdings in the U.K. and will start production this December.

Daiwa Securities (no relation) is understood to be the main underwriter for the CDR issue. Already, Daiwa Seiko has a relatively high foreign share holding compared with most Japanese companies and is expected to boost substantially its foreign share-ownership from the present 13.1 per cent.

Daiwa Seiko's net profit for the fiscal year to July 1977, reached a record Y500m. (Y376m. in July 1976) on record sales of Y19.5bn. (Y15.63bn. in 1976).

Winsor raises final dividend

WINSOR Industrial Corporation is to pay a final dividend of 16c (against 15c), making a total of 25c (23) for the year ended March 31, on capital increased by 10 per cent. on the recent takeover of Hilwin Enterprises, Reuter reports from Hongkong.

Consolidated net profit was $HK58.89m. ($HK49.30m.) before extraordinary items, and $HK54.6m. ($HK46m.) after extraordinary items.

Subject to unforeseen circumstances, Winsor intends the interim dividend for the current year shall not be below last year's 9c.

...AE moves to reopen two banks

...EEN BISHTAWI

...D ARAB EMIRATES ...ard has decided to ...cence of the Janata ...ngladesh to conduct ...mmercial banking ...the country. The ...was suspended last ...after the closure of ...Arab Bank in the ...irate of Ajman. The ...spensions, following ...upon each other, ...iderable nervousness ...local merchant com... ...the UAE public at

...reports indicated ...nata Bank required ...ido it over. The bank ...l heavily in the property development sector, as had many other members of the UAE banking community. In the UAE capital, Abu Dhabi, over 60 per cent. of all bank credit went towards the financing of property development in the city. In Dubai, with its more traditional role as the trading centre of the country, bank credit towards this kind of investment only accounted for a third.

Although public confidence in the banking system has to a large extent been restored, the commercial community in the UAE is still feeling the effects of the repercussions of the two bank closures. At the end of May, the Currency Board instituted various measures designed to restrict credit and bring down the level of inflation in the country. Foreign banks were called on to bring in capital balances and maintain certain liquidity and capital ratios. The uncertainty in the community led to withdrawals from newer banks in the country, and a general tightening up of credit, particularly for new businesses.

Efforts are also being made towards the reopening of the Ajman Arab Bank, say sources in London. Last May, when the bank was closed, the Government's decision not to act as lender of last resort and protect the public's money led to considerable controversy, as well as the resignation of the UAE Currency Board Managing Director, Mr. Ronald Scott. Reports now indicate that some Governmental support may be forthcoming, as well as some backing from the bank's founders, which comprise the various members of the ruling family of Ajman, UAE citizens and the W.F.C. Group Inc. of Miami. Some consideration is being given to the raising of money from the U.S., as well as local UAE Arabs, to get the bank started again. In the meantime, the staff of the bank are being kept on.

Corco gets breather from bankruptcy

COMMONWEALTH Oil Refining Company (Corco) will avoid a threatened bankruptcy this week, at least according to Gary Davis, president and acting chairman of the financially troubled oil concern, reports AP-DJ from New York.

In an interview following a four-hour meeting of the company's Board on Friday, when eight directors resigned and chairman Norman C. Keith stepped down, Mr. Davis said he believed the company would be able to survive beyond the previously announced Thursday deadline for repayment of the company's "entire indebtedness" of about $275m. to banks and other lenders. Default on that payment, which the company had deemed likely without an extension from creditors, would probably have required Commonwealth to "seek judicial protection in a proceeding under the bankruptcy laws," the company had said.

Now, however, everybody concerned has agreed to an extension of some kind," Davis said.

A grace period from creditors became essential after the Justice Department's anti-trust division's recent request for a 30-day delay of any transaction between Ashland Oil and Commonwealth. Ashland, which had rescued Commonwealth from the brink of bankruptcy last May with a six-month oil supply agreement, had said that by September 1, it would decide whether to proceed with a proposed $50m. purchase of new Commonwealth Convertible Preferred stock.

Adriaan Volker to list shares

ROYAL ADRIAAN VOLKER, one of the large Dutch dredging and construction companies, is planning to have its shares listed at the Amsterdam stock exchange sometime next year. No further details about the plans were given.

It is understood that the principal reason for the family owned, Rotterdam-based company to go public is the wish of some of the group of shareholders to obtain cash for their shares, as they were not able to sell the shares privately.

Group turnover, based on production and excluding VAT, amounted to Fls.983m. in 1976, which was 32 per cent. up on the previous year.

Ministry vetoes bid for Mixte

THE LATEST share bid by Ste. Navale des Chargeurs Delmas Vieljeux for Cie de Navigation Mixte has been vetoed by the Finance Ministry, Delmas-Vieljeux told Reuter in Paris yesterday.

Last Wednesday a plan to offer Frs.260 cash for 309,000 o'd Mixte shares and the same amount for 174,850 new shares created following Mixte's takeover of Le Monde SA, was put forward by Delmas-Vieljeux.

But the plan, approved by the Bourse authorities, has been rejected by the Finance Ministry which has requested Delmas-Vieljeux instead to bid Frs.140 cash for each of the new shares without making an offer for the old shares.

Swissair expects good year

BUSINESS of Swissair, the Zurich-based airline in the first half of 1977 was above expectations, with gross profit 53.7 per cent. higher than for the same period of last year at Sw.Frs.131.6m. (Sw.Frs.85.6m.). Even if the upswing slows down, Swissair expects "good results" for 1977 as a whole.

● NEWS ANALYSIS—MOTOR MERGER

Volvo seeks new suitor

BY ROY HODSON

THE MOST likely outcome of the breakdown of merger talks between the two Swedish companies Volvo and Saab-Scania is that Saab-Scania will go it alone while Volvo will look round for a new partner, preferably from within the European car industry.

Saab has been producing 100,000 cars annually lately compared with Volvo's output of 400,000. But the future holds little comfort for Volvo in its present form and with its present range of models.

Not even the probable 10 per cent. devaluation of the Swedish kroner now that it is to be allowed to float freely can do much to improve the company's fortunes. Volvo imports nearly 50 per cent. of its automobile components and will not, therefore, enjoy to the full the increased competitiveness in foreign markets of a cheaper kronor.

Volvo has a range of sturdy but dated conventionally-styled cars to which has been added within the last year a small "luxury" car, the 343, which was designed to widen the company's range and provide its dealers with a competitive product in the under-1500 cc range.

The 343 has been greeted by European motoring writers as an unexciting mongrel in spite of its Volvo pedigree. The car is made at the former DAF works in Holland acquired by Volvo, and is fitted with a Renault engine matched to the DAF infinitely variable transmission based upon cones and rubber belts. After early teething troubles the car is reported to be selling well in Sweden but has had a poor reception in the major European markets.

Saab's future without Volvo looks considerably more certain. The Saab truck division is doing well. Indeed it was opposition from the Scania truck side of the business to the Volvo-Saab-Scania merger which eventually caused Saab-Scania to lose interest. The Saab front-wheel drive cars are small volume sellers in European terms but seem to command a brand-loyalty sufficient to provide an assured market for revised or new models.

THE RATIONALE behind the merger proposal seemed clear when it was announced in May, but the antipathy which the truck divisions of both companies have shown in recent weeks towards the idea of a joint operation has proved a stronger force. Volvo's 343 may not be the success its various parents hoped for, and the company faces problems with updating its other models too. Saab-Scania will continue to grow on its own, but Volvo's future looks less happy unless another suitable partner can be found.

Saab-Scania also looks as if it has found the solution to the problems which have been besetting its computer division. This loss-maker was first helped by Univac joining in to strengthen the Swedish sales organisation. Now the Swedish Government has agreed to support the company's manufacturing to develop a single Swedish computer company partly state-owned.

The biggest question-mark hanging over the future of Saab-Scania must be in the aerospace business. The company's Viggen fighter, although widely acclaimed by aeronautical experts, failed to win a Nato contract and has not attracted significant export business although Australia and Austria are said to be still interested in the design.

Saab-Scania will need Swedish Government backing for a new light attack fighter design before the end of this year. Without such a project it must begin to run down its research and development effort and the impact will eventually be felt in the production plants.

When the Volvo-Saab-Scania merger proposal was announced in May the prospect of the two truck divisions getting together was looked upon as logical and sensible in view of the rationalisation and strong competition going on among the world's leading heavy truck producers—in the range over 15 tonnes. The merged truck manufacturing facility would, it was estimated, produce some 40,000 heavy vehicles a year—a figure exceeded only by Daimler-Benz.

But the truck divisions of both companies are already operating profitably as separate entities and there is within them considerable antipathy towards a joint operation. That feeling has emerged during the last few weeks with particular strength from the Saab-Scania truck-makers whose pressure exerted within the Saab-Scania main Board seems to have effectively killed the merger.

AUSTRALIAN NEWS

Boral profit up 42%

BY JAMES FORTH SYDNEY, August 29.

BORAL, national building materials and quarrying group, has declared a one-for-five scrip issue following a solid 42 per cent. increase in profit for 1976-77 to a record $A16.9m. The gain continues on from the half year when earnings were up by a similar margin.

Directors attribute the improvement to increased efficiency and cost controls. With the exception of New South Wales, trading results were generally "very satisfactory," in a strongly competitive market.

Boral was well placed to participate in an upturn in the building industry should demand improve. "At this early stage the current year has opened well and the results of the full year are expected to be satisfactory."

Dividend is held at 12.5 cents a share, with a final 6.25 cents. Shares from the scrip issue will receive the final payout.

The higher profit was achieved on an 11.6 per cent. increase in sales to $A252m. The result lifted earnings per share from 18.8 cents to 26.7 cents.

The pre-mixed concrete division experienced depressed trading conditions with a further decline in the market in NSW and a static market in Victoria and South Australia. The clay products division had a very satisfactory year while the gas marketing division increased sales in all areas, both within Australia and the Pacific Islands.

Operations of the steel reinforcement division were again affected by the decline of the non-dwelling sector of the building industry.

Repco scrip after rise

REPCO, Australia's largest car parts and accessories group, has declared a one for eight free scrip issue after boosting earnings 24 per cent. to a record $A18.1m. in 1976-77, reports our Sydney correspondent.

The result indicates a sharp slowdown in the second half. In the first six months, when there was a marked increase in demand for new cars, the profit rose 41 per cent. to $A9.69m. In the second half the advance was only 9 per cent. to $A8.4m.

Demand fell in the second half while profits were also hit by pricing restrictions imposed by the Prices Justification Tribunal during its inquiry into selling prices of spare parts.

The government's three month price freeze was another factor, while cost increases since December had been substantial.

Total sales rose 15 per cent. from $A257m. to $A295m., of which overseas activities accounted for $A19.4m. and exports $A10.7m.

The dividend is held at 8 cents a share, but is payable on shares created by the scrip issue. Earnings per share moved up from 17.6 cents to 20.7 cents.

Overseas push for Rocla

CONCRETE PIPE group, Rocla Industries, more than doubled earnings to $A2m. in 1976-77, largely because of strong growth from its Canadian operations. A major turnaround was achieved in the Canadian results, which last year held earnings back. This was achieved despite a somewhat depressed economy and reduced government spending, reports our Sydney correspondent.

But, Rocla's U.K. subsidiary incurred a slight loss following a 20 per cent. drop in new pipe work because of the British Government's spending cuts in water supply, sewerage and road construction.

Australian operations continued at a reasonable rate although some centres were under-used. The local operations are not expected to improve greatly in the current year.

Siam Kraft fights court order

BY RICHARD NATIONS BANGKOK, AUGUST 29.

ONE OF the American Export-Import Bank's major interests in Thailand, the Siam Kraft Paper group, was threatened with imminent bankruptcy over the week-end following a court order to confiscate all its properties for failing to provide bank guarantees for a $3.2m. customs fine.

Ex-Im Bank had already warned Thai Prime Minister Tanin Kraivixien that future credits to Thailand would be in jeopardy if Siam Kraft were allowed to go under as the result of a surprise decision by the supreme court earlier this month that the company had misdeclared imports and must pay its $3.2m. fine immediately.

Ex-Im Bank, together with the Overseas Private Investment Corporation, accounts for about half of Siam Kraft's $50m. debt.

The beleaguered paper company was pulled back from the brink recently when another court allowed it six and a-half years to pay the fine, if it provided bank guarantees. Many observers here believe the reprieve was the direct result of pressure on Prime Minister Tanin from the American ambassador, Charles Whitehouse, who underscored in private conversations the effect on Thailand's investment of Siam Kraft's failure.

Last Friday's confiscation order therefore caught everyone by surprise. The company was appealing the bank guarantee requirement and plans to apply for a stay of the confiscation.

Informed sources say the American Embassy will take the matter up soon with the Prime Minister. Ex-Im Bank directors in Washington are reportedly watching developments very closely and with some impatience.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Up 8.7 on steadier interest rates

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 29.

BLUE CHIPS, building on last Friday's late firmness, won back more lost ground in a steady advance that set the stage for a broad-based technical rally on Wall Street to-day.

The Dow Jones Industrial Average recouped 8.67 points to 864.09 and the NYSE All Common Index regained 44 cents to $53.04, while advances outpaced declines by 973 to 426.

The recovery, however, lacked conviction with trading volume falling from last Friday's 18.48m. shares to 15.28m.—the slowest session since August 15, when 15.75m. shares changed ownership.

Analysts said traders were encouraged by signs of a halt in the upward swing of short-term interest rates, but remained cautious in anticipation of the July index of leading U.S. economic indicators, due to-morrow.

Also encouraging buying was a Wall Street Journal report that Carter administration economists remain convinced that the economic outlook through 1978 is basically bullish, despite a rash of recession fears on Wall Street.

General Motors were active and rose $1¼ to $67 after stating that production at two of its assembly plants, halted by a strike, is expected to resume within a few days. Ford Motor added $1¼ at $43⅞, and Chrysler $¼ at $15⅞. All three reported higher mid-August sales.

IBM advanced $1⅞ to $265¼, Hewlett Packard $1¼ to $79¼ and Texas Instruments $⅞ to $86.

Lehigh Portland Cement, however were down $2¼ to $25¾, after rising $2¼ last Friday of a bid approach from an unidentified concern.

THE AMERICAN SE Market Value Index picked up 0.83 to 118.34 in quiet trading. Volume 1.98m. shares (2.13m.).

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Chemetron	137,500	43⅞	+⅞
PanAmerican Airwys.	123,700	5⅞	−⅛
Texas Utilities	121,400	21⅞	+⅛
Babcock & Wilcox	128,100	35⅞	−¼
General Motors	118,700	67	+1¼
Exxon	112,300	45⅞	+1⅛
First Charter Fincl.	104,100	15⅞	+⅞
Atlantic Richfield	103,000	53⅞	−1
El Paso	102,500	17⅞	+1
Ponderosa Systems	99,000	13⅞	+1

OTHER MARKETS

Canada mixed

Canadian Stock Markets made a mixed showing at the close after a thin business. The Toronto Composite Index hardened 1.5 to 1,009.3, while Oils and Gas advanced 12.9 to 1,179.5 and Metals and Minerals 7.1 to 949.3, but Banks, at 232.68, and Golds, at 1,047.5, were both a point easier.

PARIS—Softening tendency following news of the 0.9 per cent. retail price rise in July.

Quotation of Navigation Mixte is expected to be resumed following the Finance Ministry's refusal to allow the latest Delmas-Vieljeux bid for the company—Mixte was trading at Frs.285 last week before suspension ahead of the bid.

Americans advanced, but Germans, International Oils and Coppers weakened. Golds were steady to higher.

BRUSSELS—Mixed in quiet trading, with only narrow price movements.

Societe Generale rose Frs.25 to Frs.2,045, but EBES shed Frs.35 to Frs.2,185 and UCB Frs.80 to Frs.1,650.

U.K. and U.S. issues rose, and most French stocks were also firm, while Golds improved with the Bullion price. German stocks, however, eased, while other foreign issues were mixed.

AMSTERDAM — Shares mainly lost ground.

Royal Dutch, down Fls.2.20, again led declines in Dutch Internationals, although Unilever held steady at Fls.122.20.

Van Ommeren were a firm exception, up Fls.2.

State Loans were steady.

GERMANY — Predominantly lower in very quiet trading, reflecting uncertainty resulting from the week-end European joint float devaluations.

Electricals, Engineerings, Motors and Steels were all lower, with Man Ordinary down DM4 and Mannesman off DM2.40. In Stores, Kaufhof declined DM4 and Karstadt DM3.70. Banks had Deutsche DM1.60 easier and Bayervereinsbank down DM5.50.

Public Authority Loans had changes to DM0.10 either way, with the Regulating Authorities selling DM1.5m. nominal of stock (DM1.8m.). Mark Foreign Loans were maintained.

OSLO—Industrials were slightly easier, while Insurances, Banks, and Shippings were quiet.

VIENNA—The market was quietly steady, although Veit Magnesit gained 4 points.

COPENHAGEN — Higher in moderate dealings.

STOCKHOLM—Very firm, with M. Och Domsjo Kr.8 up at Kr.75.

SWITZERLAND — Lower for choice in moderate activity in the absence of new incentives.

Swissair Bearer gained Frs.5 more to Frs.785, still on the half-yearly results.

Major Banks were narrowly mixed while, in Financials, Bally Bearer rose Frs.25 to Frs.1,375. Small gains predominated in Insurances, but leading Industrials edged lower.

Dollar stocks displayed an easier bias, while Dutch Internationals and Germans were slightly softer.

MILAN — Higher in active trading, influenced by the Fiat Rate tax reduction to 30 per cent. from 50 per cet. and the Bank Rate cut to 11.5 per cent. from 18 per cent. decided last Friday by the cabinet meeting.

Fiat rose L79 to L2,035 and ANIC L13.75 to L193.

Bonds were active on improved demand.

TOKYO—Share prices surged to their highest levels since February, 1973, on expectations that long-term domestic lending rates will be cut in October. Volume 230m. shares (270m.).

Pharmaceuticals and Cements were well-favoured, while interest also extended over large-capital shares, Petroleums, Electricals, Constructions and Export-orientated issues.

Nippon Oil rose Y20 to Y446, Kureha Chemical Y18 to Y729, Nippon Cement Y8 to Y208, Pioneer Electronic Y10 to Y1,670, Victor Japan Y10 to Y1,000, and Isuzu Motor Y10 to Y236.

JOHANNESBURG—Gold shares were basically steady in an idle market, with the absence of U.K. interest due to the holiday a negative influence on trade. Among heavyweights, mainly gains to 25 cents were seen, while middle and lightweights firmed up to 10 cents.

Mining Financials were mainly harder in line with producers.

Elsewhere, De Beers were 2 cents up at R5.16, Coppers were mixed in very quiet trade, while Platinums were a shade easier and Collieries occasionally lost ground.

Industrials were steady in featureless trading.

AUSTRALIA — Markets were mixed with coals falling sharply but Uraniums staging a recovery.

Among Coals Bellambi fell 30 cents to $A9.60 and White Industries 18 cents to $A1.37, but Coal and Allied gained 5 cents to $A3.55 and Oakbridge 3 cents to $A1.43.

In Uraniums after Friday's sharp falls, Pancontinental picked up 30 cents to $A9.90 and Peko and Queensland Mines 10 cents each to $A3.10 and $A2.60 respectively, but Kathleen lost 8 cents to $A1.62.

Elsewhere in Minings, Central Norseman rose 25 cents to a new high for the year of $A4.65.

BHP shed 2 cents to $A5.68.

Indices

NEW YORK —DOW JONES

	Aug. 29	Aug. 26	Aug. 25	Aug. 24	Aug. 23	Aug. 22	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	864.09	855.42	854.12	862.87	866.56	861.29	999.75 (3/1)	854.12 (25/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	93.51	93.45	93.50	93.41	92.36	92.39	93.51 (29/8)	90.68 (1/6)	—	—
Transport	217.03	214.55	215.77	217.91	217.53	216.01	246.64 (11/5)	214.55 (26/8)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	110.59	109.95	110.45	111.26	111.52	110.91	118.67 (22/7)	104.97 (25/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	15,280	18,480	19,400	18,170	20,290	11,870	—	—	—	—

* Basis of index changed from August 24.

Ind. div. yield %	Aug. 26	Aug. 19	Aug. 12	Year ago (approx)
	4.25	5.20	5.13	3.97

STANDARD AND POORS

	Aug. 29	Aug. 26	Aug. 25	Aug. 24	Aug. 23	Aug. 22	1977 High	1977 Low	Since Compilat'n High	Since Compilat'n Low
*Industrials	105.68	105.69	105.75	107.01	107.47	107.78	118.92 (3/1)	105.69 (26/8)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	96.92	96.66	96.15	97.23	97.62	91.75	101.01 (3/1)	96.06 (26/8)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 24	Aug. 17	Aug. 10	Year ago (approx.)
Ind. div. yield %	4.57	4.54	4.42	3.56
Ind. P/E Ratio	8.26	9.95	15.06	12.51
Long Govt. Bond yield	7.61	7.68	7.70	5.62

N Y S E ALL COMMON

Aug. 29	Aug. 26	Aug. 25	Aug. 24	1977 High	1977 Low
53.24	52.60	52.67	53.22	57.07 (4/1)	52.56 (31/6)

Rises and Falls	Aug. 29
Issues Traded—1,856	Up—973
Down—426	Same—457
New Highs—28	New Lows—29

MONTREAL

	Aug. 29	Aug. 26	Aug. 25	Aug. 24	1977 High	1977 Low
Industrial	198.29	198.08	170.49	171.32	198.41 (17/5)	166.92 (6/6)
Combined	175.88	175.08	177.43	178.65	187.85 (19/7)	171.64 (27/5)
TORONTO Composite	1009.3	1007.8	1015.1	1021.9	1067.4 (19/7)	978.4 (27/5)
JOHANNESBURG Golds	162.7	161.8	163.1	162.4	189.2 (7/3)	133.4 (24/6)
Industrials	186.2	187.8	187.5	186.8	187.5 (25/8)	169.1 (28/4)

	Aug. 29	Pre-vious	1977 High	1977 Low
Australia (a)	424.01	425.13	464.71 (20/6)	418.86 (15/2)
Belgium (b)	95.31	95.23	99.12 (10.1)	92.61 (20/2)
Denmark (d)	102.72	102.29	107.92 (9/6)	98.96 (6/1)
France (e)	52.6	52.6	64.4 (7/1)	43.5 (10/5)
Germany (f)	763.7	773.4	790.7 (3/5)	712.5 (10/3)
Holland (g)	80.0	80.2	95.2 (4/5)	80.0 (29/8)
Hongkong (h)	—	427.83	452.17 (11/6)	415.00 (27/7)
Italy (i)	66.38	65.48	73.11 (6/1)	61.55 (14/6)
Japan (m)	386.56	384.24	385.56 (29/8)	364.70 (7/4)
Singapore (n)	268.02	267.80	278.02 (1.2.8)	242.2 (3/6)

	Aug. 29	Pre-vious	1977 High	1977 Low
Spain (p)	—	77.21	109.67 (1/3)	74.99 (4/8)
Sweden (q)	336.42	331.02	416.68 (22/3)	321.02 (28/8)
Switzerl'd (r)	303.2	302.2	327.2 (5/5)	290.5 (14/4)

Indices and base dates (all base values 100 except NYSE All Common — 50, Standards and Poors — 10 and Toronto 300-1,000, the last-named based on 1975). (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December 1953. (g) Amsterdam, Industrial 1970. (h) Hang Seng Bank 31/7/64. (i) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. † Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ● Frs.500 denom. unless otherwise stated. ‖ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—86% (85½%).

NEW YORK

Stock	Aug. 29	Aug. 26
Abbott Labs.	49⅛	48¾
Addressograph	13⅝	13⅛
Aetna Life & Cas.	35¼	34¾
[illegible]	[illegible]	[illegible]

Stock	Aug. 29	Aug. 26
Corning Glass	62⅞	63⅜
CPC Int'n'tional	53⅞	53
Crane	28⅝	28
Crocker Nat.	25⅝	25⅝
Crown Zellerbach	33⅛	33⅝
[illegible]	[illegible]	[illegible]

Stock	Aug. 29	Aug. 26
Johns Manville	33⅛	32⅛
Johnson Johnson	73¼	72⅛
Johnson Control.	45¾	46⅝
Joy Manufactur'g	34¼	36⅞
K Mart Corp.	30¾	30
[illegible]	[illegible]	[illegible]

Stock	Aug. 29	Aug. 26
Revlon	43⅛	42⅞
Reynolds Metals	34⅝	34⅞
Reynolds R. J.	65¾	66
Rich'son Merrell	23¾	23⅝
Rockwell Inter.	31⅞	31¾
[illegible]	[illegible]	[illegible]

Stock	Aug. 29	Aug. 26
Woolworth	20⅛	19⅞
Wyly	1¼	1¼
Xerox	54	56⅞
Zapata	12¼	11¾
Zenith Radio	19⅞	19⅝
[illegible]	[illegible]	[illegible]

CANADA

[illegible]

GERMANY ◆

Aug. 29	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	87.6	−0.4	—	—
Allianz Versich.	435	−2	18	2.1
B.M.W.	214	−2.5	20	4.6
BASF	151.3	−1.7	17	5.5
Bayer	136.5	−0.8	16	5.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ‖

[illegible]

Source Nikko Securities, Tokyo.

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ●

[illegible]

MILAN

[illegible]

AUSTRALIA

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

SPAIN ♥

[illegible]

COMMODITIES

Copper and cocoa ease in U.S.; coffee down

NEW YORK, August 29.

PRECIOUS METALS and copper eased in quiet conditions on scattered selling. Coffee closed limit down on possibility of reduced registration in Columbia. Cocoa eased on computed selling and grains eased on local selling. Sugar closed around unchanged in quiet trading, Bache reports.

Cocoa—Ghana spot 239 (240). Bahia spot unquoted. Sept. 188.80 (189.90). Dec. 162.65 (163.25). March 158.05. May 153.10. July 148.00 nom., Sept. 143.10 nom., Dec. 136.10 nom. Sales: 806.

Coffee—"C" Contract: Sept. 193.95-194.50 (200.75). Dec. 168.00-188.10 (189.66). March 163.13-163.15. May 163.25 asked. July 158.00 asked. Sept. 154.50 asked. Dec. 148.50-152.00. Sales: 1,028.

Copper—Sept. 52.00 (52.50). Oct. 52.40 (52.90). Dec. 53.20. Jan. 53.60. March 54.70. May 55.60. July 56.50. Sept. 57.40. Sales: 5,377.

Cotton—No. 2: Oct. 54.75-54.90 (54.10). Dec. 54.85-54.90 (54.37). March 55.75-55.80. May 56.30-56.40. July 57.15. Oct. 57.83-58.00. Dec. 57.83. Sales: 1,250.

‡Gold—Sept. 145.90 (145.90). Oct. 146.50 (147.90). Dec. 148.10. Feb. 149.50. April 151.60. June 152.50. Aug. 154.00. Oct. 155.70. Dec. 157.40. Sales: 1,026.

†Lard—Chicago loose 18.00 (18.75 nom.). New York prime steam 19.50 traded (19.75 traded).

Platinum—Oct. 147.60 (147.70). Jan. 149.80-150.60 (150.00). April 152.30-152.30. July 154.90-155.10. Oct. 157.40-151.00. Jan. 160.20-160.40. Sales: 82.

††Maize—Sept. 182 (184). Dec. 191⅜-191⅛ (193). March 199⅜-199. May 204⅜-207⅛. Sept. 210.

‡Silver—Sept. 439.00 (440.30). Oct. 441.50 (442.60). Dec. 446.00. Jan. 448.40. March 453.90. May 459.30. July 464.80. Sept. 470.40. Dec. 478.70. Sales: 10,000. Handy and Harman spot 439.30 (438.50).

Soyabeans—Sept. 514-515 (521½). Nov. 508½-507 (514½). Jan. 515-513. March 523½. May 530½-529¼. July 538½. Aug. 537.

‡Soyabean Meal—Sept. 136.60 (137.50). Oct. 134.50-135.00 (135.70). Dec. 136.80-137.00. Jan. 139.00-139.50. March 142.50-143.00. May 145.50. July 148.50. Aug. 150.00-150.50.

Soyabean Oil—Sept. 19.00-19.10 (19.15). Oct. 18.75-18.80 (19.05). Dec. 18.65. Jan. 18.55-18.60. March 18.60-18.65. May 18.60. July 18.70. Aug. 18.70.

Sugar—No. 11: Spot 7.35 (7.55). Sept. 7.30-7.33 (7.53). Oct. 7.69-7.71 (7.77). Jan. 8.63-8.60. March 8.88-8.87. May 9.05. July 9.21. Sept. 9.34. Oct. 9.45. Jan. 9.40. Sales: 2,6024.

Tin—505.00-520.00 asked (502.00-530.00 asked).

**Wheat—Sept. 217⅛-217¼ (218). Dec. 226⅛-228¼ (229). March 237⅛. May 244-246. Sept. 250½.

WINNIPEG, August 29. ††Rye—Oct. 80.20 bid (78.50 bid). Nov. 81.00 bid (79.50 asked). Dec. 82.00 bid. May 85.10 bid.

cOats—Oct. 62.80 (63.00 bid). Dec. 62.30 asked (62.30 bid). May 64.40 asked.

§Barley—Oct. 71.90 (72.60). Dec. 71.50 (72.50 asked). May 73.50 asked.

dFlaxseed—Oct. 195.50 bid (201.00). Nov. 200.00 asked (201.00 asked). Dec. 199.00 asked. May 206.50 bid.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence [illegible].

All cents per pound ex-warehouse unless otherwise stated. * Cents per troy ounce. "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis. † $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered. ** Cents per 60-lb bushel in store. † Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. c Cents per 32-lb bushel. § Cents per 48-lb bushel. d Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

London tea sales

At the tea sale held in London last week 29,548 packages sold realised an average price of 126.56p per kilo compared with 123.73p at the previous sales and against 91.92p a year ago. Plain tea was quoted at 106p.

	No. of kilos	Average per kilo
African Highland Prod.	28,483	129p
Assambrook	5,194	140p
Bandanga	14,421	80p
Bishnauth	15,949	184p
Blantyre	26,585	96p
Central Africa	16,514	102p
Changol	13,874	129½p
Doom Dooma	34,328	167p
Janatha	190,073	128p
Kenya Tea Co.	294,944	148p
Kenya Tea Dev.	64,200	141p
Luiferi	22,108	112p
Mabroukie	32,643	148p
Malayalam	22,565	100p
Ruo Estates	27,302	92p
Sri Lanka So	159,877	122p
Stone Valley	5,636	135p
Tukvar	17,833	129½p

Stocks at August 19 amounted to 70,735 metric tons, compared with 89,823 metric tons a year ago. Converted at 48,308 kilos per package.

TEL AVIV

Company	Prices Aug. 28, 1977	Change on the week
Banking, Insurance and Finance		
Bank Leumi Le Israel	334	+11
IDB Bankholding	315	+6
Bank Hapoalim Br.	395	+3
Union Bank of Israel Br.	560	−3.5
United Mizrahi Bank	293.5	−19.5
Hassneh Insurance Br.	750	−17
General Mort. Bank Br.	510	−70
"Tefahot" Israel Mort.	221	−49
Land Development		
Africa Israel Inv. I.L10	1,086	+16
Israel Land Dev. Br.	367	
Property and Building	360	−7.5
Public Utility		
Israel Electric Cpn.	648	−47
Investment Companies		
Bank Leumi Invest.	410	+9
"Clal" Israel Invest.	365	
Commercial and Industrial		
Alliance Tyre & Rubber	1,373	−25
Elco Br.	505	+12
Argaman Textile Br.	454	−4
"ATA" Textile "B"	242	−17
Amer. Israeli Ppr. Mills	409	+8
Assis	336	+6
Elite	434	−27
Teva Bez.	281	−9
Fuel and Oil		
Delek	433	+8

GRAINS

EEC IMPORT LEVIES—[illegible] (in order current levy plus Oct. and Nov. previous in brackets) of account per tonne. Common wheat—[illegible] 95.06, rest nil (same). Durum wheat—134.11, rest nil (same). Rye—[illegible] nil (same). Barley—77.15, rest nil (77.15, rest nil). Oats—68.[illegible] (same). Maize (other than hybrid for seeding)—79.92, rest nil (same) [illegible] 66.54, rest nil (67.74, rest nil). Grain sorghum—78.04, rest nil (77.30, rest nil). Also for flours. Wheat or mixed wheat and rye flour—141.04 (same). Rye flour—124.98 (same).

WOOL FUTURES

SYDNEY GREASY—Micron (in order, buyer, seller, business, sales). Oct. 332.7, 332.9, 332.8-332.4, 4; Dec. 335.5-335.5; March 340.1, 339.7; May 343.0, 343.4, 343.5-[illegible]; 347.6, 347.8, 347.5-347.5; Oct. 3[illegible] 350.5-350.5; Dec. 351.2, 352.4. Sales: 63.

London commodity markets were closed yesterday.

CURRENCY RATES

	Special Drawing Rights August 29	[illegible]
Sterling	—	[illegible]
U.S. dollar	1.18168	[illegible]
Canadian Dr.	1.24947	[illegible]
Austria Sch.	18.0917	[illegible]
Belgian franc	41.4186	[illegible]
Danish krone	7.13602	[illegible]
Deutschemark	2.69899	[illegible]
Dutch guilder	2.84814	[illegible]
French franc	5.69586	[illegible]
Italian lira	1024.34	[illegible]
Japanese yen	309.754	[illegible]
Norway krone	6.32983	[illegible]
Spain peseta	98.1527	[illegible]
Swedish krona	2.66885	[illegible]
Swiss franc	2.76298	[illegible]

* Rate is for convertible franc. [illegible]

EXCHANGE CROSS-RATES

Aug. 29	Frankfort	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.3240-55	47.15-25	6.425-95	4.047-053	94.65-85	96.95-97.10
New York	43.04-06	—	20.34-39	2.79-800	1.7412-7422	40.88-70	41.78-82
Paris	211.54-12.04	4.8872-9092	—	13.731-86	8.533-555	200.00-48	206.75-6.82
Brussels	15.58-43	35.64-69	7.28.29	—	62.06-21	14.56-59	14.99-15.04
London	4.023-033	1.7418-22	8.54-56	62.00-10	—	4.261-271	4.14-15
Amst'rd'm	105.755-805	2.4467-87	40.010-060	6.8635-85	4.2645-28	—	105.065-115
Zurich	105.15-36	2.401-04	48.85-93	6.72.74	4.1800-1866	97.81-98.00	—

U.S. $ in Montreal U.S. $=107.50-53 Canadian Cents. Canadian $ in New York $=93.01-03 U.S. cents. U.S. $ in Milan 881.70-90. Sterling in Milan 1535.30-1536.60 * Rates for Aug. 26.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS. 01-606 4433

Barrington Aug. 24	199.7	209.2	.....	4.05
(Accum. Units)	213.0	223.1	.....	4.05
B'Ign. H.Y. Aug. 25	157.3	164.8	.....	7.40
(Accum. Units)	171.1	179.2	.....	7.40
Endeavour Aug. 23	151.3	158.2	.....	2.15
(Accum. Units)	154.6	161.6	.....	2.15
Grncheter. Aug. 26	84.4	88.0	−1.0	4.08
(Accum. Units)	85.9	89.6	−1.1	4.08
Lon&Brnls Aug. 24	63.4	66.3	.....	1.97
(Accum. Units)	65.4	68.4	.....	1.97

...ited 01-351 3466 Three months tin 6180-6250

[FINA]NCIAL TIMES STOCK INDICES

	Aug. 26	Aug. 25	Aug. 24	Aug. 23	Aug. 22	Aug. 19	A Year ago
...s	70.24	76.29	70.27	70.27	70.61	70.56	61.74
...	70.22	70.19	70.61	70.15	70.10	70.16	61.26
...ary	484.5	486.1	483.8	483.7	485.6	487.7	558.0
...	166.6	108.4	108.5	109.1	112.8	114.2	84.7
...	5.34	5.33	6.35	5.35	5.63	3.31	6.29
...ull)(*)	15.14	16.10	16.16	16.16	15.18	14.90	18.28
...*†)	6.54	9.57	6.56	9.55	6.56	6.70	8.09
...d	6,129	4,667	4,658	5,259	5,659	6,341	3,779
... £m.	—	61.44	60.42	51.91	56.46	76.51	35.32
...total	—	13,769	12,723	11,758	15,518	86,417	8,408

...a.m. 484.3. 11 a.m. 482.9. Noon 482.0. 1 p.m. 480.3.
2 p.m. 483.7. 3 p.m. 484.8.

Latest Index 01-246 8026.

*Based on 52 per cent. corporation tax. †Nil=9.48.
...Govt. Secs. 15/10/26. Fixed int. 1928. Ind. Ord. 1.7.35. Gold ... SE Activity July-Dec. 1942.

[HI]GHS AND LOWS

S.E. ACTIVITY

—	Aug. 26	Aug. 25
—Daily		
Gilt-Edged	167.0	159.3
Industrials	180.9	155.8
Speculative	36.3	31.7
Totals	116.7	105.9
5-day Av'rage		
Gilt-Edged	161.0	154.4

[F]T—ACTUARIES INDICES

[H]ONG [KONG]

SINGAPORE

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101
Index Guide as at 16th August, 1977 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 117.79
Clive Fixed Interest Income 107.31

CORAL INDEX: Close 484-489

INSURANCE BASE RATES

† Property Growth 10%
Cannon Assurance 5%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
	"Shorts" (Lives up to Five Years)				
26M 26S	Treasury 11½pc '77‡‡	100 1/32xd	17.2	11.45	6.38
15M	[illegible] 3pc '77‡‡	99¼	12.4	3.02	6.53
20J	[illegible] 4pc '72-77	99⅛	16.5	4.03	6.83
15S	Treasury 9pc 1978‡‡	101 1/32xd	7.2	8.91	7.05
14J	[illegible] 10pc '78‡‡	102¾	8.7	10.21	7.04
26M 26S	Exch. 5pc '76-78‡‡	98xd	17.2	5.10	6.98
9S	Treasury 11½pc '79‡‡	104½xd	31.1	11.04	8.59
17M	Treasury 3pc '79‡‡	95⅞xd	8.2	3.13	5.15
26M	[illegible] 4½pc '74-79	96⅛xd	17.2	4.42	5.28
1M	Treasury 10½pc '79‡‡	102⅝	25.3	10.23	9.09
15M	[illegible] 3½pc '76-79	94⅞	12.4	3.69	5.99
3S	Treasury [illegible] 1980‡‡	100½xd	28.7	8.99	8.96
14N	[illegible] '80‡‡	100 3/16	7.4	9.48	9.40
15D	[illegible] '77-80	94 1/16	9.5	3.72	5.83
15D	[illegible] 5¼pc '78-80‡‡	95	9.5	5.52	7.22
23M	[illegible] 13pc 1980‡‡	108¼	18.4	12.02	9.93
15J	Treasury 11½pc 1981‡‡	104½	8.6	11.00	9.87
15A	Treasury 3½pc 1979-81	93⅛	11.7	3.76	5.71
10	Treasury 9¾pc 1981‡‡	99 11/16xd	23.2	9.78	9.88
4F	Exch. 8¼pc 1981	98½	—	9.64	9.87
17M	Treas. Variable '81	98¾	—	—	—
23M	Exch. 12¾pc 1981‡‡	108⅝	18.4	11.74	10.15
15J	Treasury 8¼pc '80-82‡‡	97	8.6	8.76	9.33
15A	Treasury 3pc '82‡‡	89⅞	11.7	3.34	5.58
16S	Treasury 14pc '82‡‡	113⅞xd	7.2	12.29	10.14
—	Treas. Variable '82	98⅛	—	—	—
	Five to Fifteen Years				
22M 22S	Exch. 9¼pc 1982	95⅞xd	—	9.59	10.17
21F 21A	Exch. 3pc '83	87	—	3.45	5.81
17S 17M	Treasury 12pc 1983‡‡	105⅞xd	8.2	11.27	10.45
18J 18Ja	Treas. 9½pc '83 (£15pd)	15	—	9.56	10.01

CANADIANS

Dividends Paid	Stock	£	Last xd	Div. Gross	C'vr	Y'ld Gr's
Ma.S.J.D.	Bk. Montreal $2	10¾	25.7	G$1.06	—	6.0
F.My.Au.N.	Bk. Nova Scotia $1	14xd	[illegible]	86c	—	3.6
A.Jy.O.Ja.	Bell Canada 25c	35⅛	[illegible]	$4.08	—	6.8
May Nov	Bow Valley‖	12¼	[illegible]	10c	—	0.4
Oct.	Brascan‖	880pxd	[illegible]	$1.00	—	6.7
F.MyAuN.	Can. Imp. Bk. $2	15 13/16	[illegible]	$1.40	—	5.2
July Jan.	Can. Pacific $5	12⅝	[illegible]	80c	—	4.0
July Jan.	Do. 4pc Deb. £100	32	[illegible]	4%	—	12.5
J.Ap.Jy.O.	Gulf Oil Can.‖	18¼xd	[illegible]	$1.06	—	3.5
Ap.Jy.O.Ja.	Hawker Sid. Can.‖	325p	[illegible]	36c	—	6.5
F.MyAuN.	Hollinger $5	21⅞xd	27.[illegible]	$1.94	—	6.5
Apr. Oct.	Hudson's Bay‖	980p	6.5	65c	—	3.9
Jan. July	Hud. B. Oil G. $2½	26¾	24.6	$1.52	—	3.3
Mr.Je.S.D.	Imperial Oil‖	13⅜	26.5	86.4c	—	3.8
Jan.Ag.J.O.	Inco	15¼	27.7	$1.60	—	6.1
F.My.Au.N.	Int. Nat. Gas $1	730pxd	11.7	80c	—	6.4
Mr.Je.S.D.	Massey Ferg.‖	12¼xd	11.7	$1.00	—	4.8
June Dec.	Pacific Pet. $1	20¾	1.6	86.4c	—	2.4
—	Place Gas $1	37½p	—	—	—	—
June Dec	Rio Algom	17⅛	6.6	$1.00	—	3.4
M.Je.S.D.	Royal Bk. Can. $2	17¾xd	18.7	$1.38	—	4.5
SeDeMrJu	Seagram Co. C$1	14⅝	20.5	86.4c	—	3.5
F.MyAuN.	Tor. Dom. Bk. $1	12⅞xd	24.6	76c	—	3.6
J.Ap.Jy.O.	Trans. Can. Pipe 33⅓c	10⅝	24.6	95c	—	5.4

S.E. List Premium 24¼% (based on $1.8755 per £)

BUILDING INDUSTRY—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan. May	Kenkast 10p	10½	[illegible]	†1.88	—	—	—
May. Nov.	Kent (M.P.) 10p	29	25.[illegible]	†1.85	2.5	9.8	6.2
November	Lafarge S.A. F100	£23½	4.7	Q15%	3.5	9.2	3.1
Nov. Aug.	Lafarge Org.	84	[illegible]	2.03	4.5	3.7	8.4
Nov. June	Laing (John) "A"	115	[illegible]	2.86	4.4	3.8	9.3
Jan. Aug.	Latham Jas. £1	135	[illegible]	8.40	φ	9.4	φ
July	Lawrence (W.)	86	[illegible]	†5.58	2.7	9.8	5.7
Aug. Dec.	Leech (Wm.) 20p	64	[illegible]	5.08	φ	12.0	φ
Apr. Sept.	Leyland Paint	49	[illegible]	3.36	3.0	10.4	4.9
Nov. June	Lilley F.J.C.	64	[illegible]	d2.5	3.9	5.9	6.7
Feb. Aug.	Liner C. M'ch 10p	22½	13.[illegible]	†1.19	3.2	8.0	6.0
Jan. July	London Brick	64	12.4	2.93	3.0	6.9	7.3
Apr. Nov.	Lovell (Y.J.)	55	8.8	3.53	2.8	10.0	5.5
July Nov.	McNeill Group	36	23.5	2.89	—	12.2	—
Apr. Nov.	Magnet & Sthns.	160	8.8	8.12	φ	7.9	φ
Jan. June	Mallinson-Denny	39	23.5	2.54	3.5	9.9	4.6
Nov. May	Manders (Hldg.)	67½	9.5	2.31	3.3	5.2	8.9
Dec. Apr.	Marchwiel	212	28.2	3.10	13.0	2.2	4.8
Aug. Mar.	Marley	75	13.6	d2.26	4.1	4.6	6.2
Mar. Oct.	Marshalls (Hfx.)	80xd	8.8	5.24	φ	9.9	φ
Feb. Aug.	May & Hassell	71	25.7	2.78	4.0	5.9	4.8
Mar. Aug.	Mears Bros.	26	25.7	†1.81	3.1	10.5	4.7
Jan. July	Melville D. & W.	44	9.5	2.48	φ	8.5	φ
Feb. Sept.	Meyer (Mont. L.)	70	25.7	4.18	3.8	9.1	3.2
Oct. Feb.	Milbury	50	27.6	2.35	5.0	7.1	4.3
Apr. Nov.	Miller (Stan) 10p	11	12.4	d1.17	1.2	16.1	7.8
Oct. Apr.	Mixconcrete	61	12.4	2.90	2.3	7.2	9.1
Nov. May	Mod. Engineers	36	25.4	dh2.40	2.4	10.1	6.3
Jan. July	Monk (A)	53	11.7	4.78	3.0	13.7	3.7
Jan. July	Mowlem (J)	96	25.4	h3.30	4.5	5.2	6.5
Jan. June	Newarthill £1	114	9.5	6.47	3.4	5.9	8.2
Feb. Sept.	Norwest Holst	71	13.6	4.12	3.6	8.8	4.2
Aug. Feb.	Nott. Brick 50p	173	11.7	h11.37	3.1	10.0	5.2
Apr. Oct.	Orme Devs. 10p	34	28.2	2.82	φ	12.2	φ
Nov. July	Parker Timber	100	20.9	4.94	4.6	7.5	4.5
May Oct.	Phoenix Timber	125	[illegible]	3.88	13.2	4.8	1.7
Jan. May	Pochins	55	23.5	4.19	4.7	11.6	2.9
Mar. Sept.	Rawlings Bros.	19	14.2	0.63	[illegible]	5.1	—
June Dec.	R.M.C.	99	12.6	5.25	2.6	8.0	6.9
Jan. Oct.	Redland	125	25.7	3.81	φ	4.6	φ

BANKS AND HIRE PURCHASE

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan. July	ANZ $A1	250	[illegible]	†Q18c	—	4.4	—
Apr. July	Alexanders D. £1	230	[illegible]	14.33	—	9.4	—
May Aug.	Algemene Fl.100	£90	[illegible]	[illegible]	2.5	4.0	6.4
Oct. Apr.	Allen Harvey £1	460	[illegible]	†30.2	—	10.3	—
Dec. June	Allied Irish	131	[illegible]	Q9.23	—	7.0	—
Jan. July	Arbuthnot L. £1	140	[illegible]	9.25	—	10.0	—
	Bank Amer. $1.565	£17½	[illegible]	Q94c	—	3.5	—

DRAPERY AND STORES—Continued

ENGINEERING—Continued

ELECTRICAL AND RADIO

CHEMICALS, PLASTICS

ENGINEERING, MACHINE TOOLS

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INSURANCE

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 24¼% (based on $US1.7452 per £)

Conversion factor 0.6846 (0.6857)

BEERS, WINES AND SPIRITS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

BUILDING INDUSTRY, TIMBER AND ROADS

Hire Purchase, etc.

هكذا من الأصل

[illegible] ...IALS—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicle

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

TRUSTS—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov. May	Coronation 25c	34	20.9	Q5c	8.4	9.8
Nov. May	Falcon Rh.50c	125	28.3	†Q35c	1.7	27.4
May	Rhod'n Corp. 16½p.	12½	28.3	0.57	4.3	6.9
—	Roan Cons. K4	85	1274	—	—	—
Dec. July	Tanganyika 50p	135	27.6	Q11.0	1.1	8.2
Jan. July	Do. Pref. 80p	72	13.12	Q9%	16.4	10.0
Nov. May	Wankie Col. Rh.1	29	12.4	Q7½c	1.5	25.3
—	Zam.Cpr.SBD0.24	13	2774	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 25c	10	—	—	—	—
Nov. Apr.	Bougainville 50 Toea	63	15.3	Q10c	1.5	10.1
—	BH South 50c	90	974	—	—	—
Oct. May	Conzinc Riotinto 50c	205	—	Q9c	2.3	2.7
—	G.M. Kalgoorlie $1	30	6/67	—	—	—
September	Hampton Areas 5p	86	25.7	1.45	4.7	2.6
—	Metals Ex. 50c	13	—	—	—	—
Oct. Apr.	M.I.M. Hldgs. 50c	142	31.1	†Q4½c	1.8	2.0
—	Mount Lyell 25c	15	—	—	—	—
—	Newmetal 10c	1½	—	—	—	—
June Nov	North B. Hill 50c	84	9.5	Q8c	ϕ	6.0
—	Nth. Kalgurli	6	—	—	—	—
June Nov.	Oakbridge $A1	111	26.4	Q11c	ϕ	6.3
—	Pacific Copper	30	—	—	—	—
—	Pancont'l 25c	825	—	—	—	—
—	Paringa M&Ex.5p	9½	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c	410	28.3	Q15c	ϕ	2.3
—	Poseidon 20c	75#	—	—	—	—
—	Vultan Mn. 50c	12	—	—	—	—
Oct. May	Westn. Mining 50c	99	14.3	†Q5c	1.3	3.1
—	Whim Creek 20c	40	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	25	[illegible]	0.94	0.9	5.8
Apr. Oct.	Ayer Hitam $M1	320	[illegible]	Q64.7c	ϕ	34.3
Apr. Oct.	Beralt Tin	39	[illegible]	3.75	ϕ	‡
Jan. July	Berjuntai $M1	210	[illegible]	Q60c	ϕ	—
Feb. Oct.	Geevor	420	[illegible]	18.15	ϕ	6.7
—	Gold & Base 12½p	10	1074	—	—	—
July Dec.	Gopeng Cons.	235	[illegible]	13.2	1.9	8.5
—	Hongkong	110	11/67	—	—	—
Jun. Nov.	Idris 10p	85	[illegible]	9.14	1.0	16.3
—	Jantar 12½p	8	[illegible]	—	—	—
—	Kamunting $M0.50	66	[illegible]	2Q15.5c	1.2	5.8
Oct. Jan.	Killinghall	430	[illegible]	†Q50.0	ϕ	11.6
Dec. June	Malay Dredging $M1	340	28.3	tQ95.5c	1.1	7.0
June Dec.	♠Pahang	27#	9.75	†Q2.5	0.5	9.3
July Jan.	Pengkalen 10p	57	25.4	5.58	1.3	14.8
Jun. Nov.	Petaling $M1	155	13.6	mQ12½c	10.9	2.0
Jan. July	Saint Piran	64	8.8	1.84	4.6	4.5
Apr. Nov.	South Kinta (10p)	132	13.6	tQ19.46	1.4	14.7
June Jan.	Sthn. Malayan	210	13.6	tQ32.82	1.1	15.6
July Dec.	Sungei Besi $M1	110	675	—	—	—
—	Supreme Corp. $M1	60	974	2Q10	—	4.1
Mar. Aug.	Tanjong 15p	70	25.7	6.35	0.7	13.7
Sept. Mar.	Tongkah Hrbr. $M1	70	[illegible]	mQ16.9%	0.3	6.0
Apr. Oct.	Tronoh $M1	162	[illegible]	[illegible]	2.0	4.7

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
June Dec.	Messina R0.50	103	23.5	Q45c	2.8	29.3

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
July	Burma Mines 17½p.	9	575	—	—	—
—	Colby Mines $C1	93	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	305	27.6	‡Q140c	1.4	‡
July	Northgate C$1	305	375	—	—	—
Jan. June	R.T.Z.	206	9.5	8.12	q3.1	6.0
—	Sabina Inds. C$1	37	—	—	—	—
—	Tara Exptn. $1	£11¾	—	—	—	—
Nov. July	Tehidy Minerals 10p	47	23.5	1.21	ϕ	5.9
October	Yukon Cons. C$1	123	15.9	Q6½c	3.6	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ¥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	19	—	Sheffield Brick	47	—
Ash Spinning	41	+1	Sheff. Refrshmt.	38	—
Bertam	17	—	Shiloh Spinn	21	—
Bdg'wtr. Est. 50p	235	+5	Sindall (Wm.)	65	—
Clover Croft	21	—	**IRISH**		
Craig & Rose £1	360	—	Conv. 9% '80/82	£92¾	—
Dyson (R.A.)	24	—	Alliance Gas	62	—
Ellis & McHdy	63	—	Arnott	250	—
Evans Fr'k. 10p	26	—	Carroll (P.J.)	95	-2
Evered	15	—	Clondalkin	68	-4
Fife Forge	44	+1	Concrete Prods.	85	—
Finlay Pkg. 5p	14½	—	Helton (Hldgs.)	36	—
Graig Ship. £1	349	+4	Ins. Corp.	110	—
Higsons Brew	95	—	Irish Distillers	71	—
I.O.M. Stm. £1	160	—	Irish Ropes	130	—
Holt (Jos.) 25p	225	—	Jacob	43	-2
N'thn. Goldsmith	33	—	Sunbeam	18	—
Pearce (C. H.)	103	—	T.M.G.	95xd	—
Peel Mills	13	—	Unidare	57	—
Sayers 12½p	32	—			

OPTIONS

3-month Call rates

Industrials		House of Fraser	12	Tube Invest.	30
A. Brew	6½	I.C.I.	23	Unilever	40
A.P. Cement	18	"Imps"	7	Utd. Drapery	7½
B.S.R.	12	I.C.L.	20	Vickers	15
Babcock	10	Inveresk	7	Woolworths	6
Barclays Bank	25	Ladbroke	11		
Berry Wiggins	5	Legal & Gen.	12	**Property**	
Beecham	38	Lex Service	6	Brit. Land	3
Boots Drug	15	Lloyds Bank	22	Cap. Counties	3½
Bowaters	16	"Lofs"	5	E.P.	5
B.A.T.	21	London Brick	3	Intreuropean	3
British Oxygen	6	Lonrho	8	Land Secs.	18
Brown (J.)	20	Lucas Inds.	25	MEPC	10
Burton 'A'	6	Lyons (J.)	9	Peachey	6
Cadburys	5	"Mams"	7	Samuel Props.	10
Courtaulds	10	Mrks. & Spncr	10	Town & City	2
Debenhams	8	Midland Bank	25		
Distillers	13	Nat. West. Bank	22	**Oils**	
Dunlop	8½	Do. Warrants	8	Brit. Petroleum	60
Eagle Star	11	P & O Dfd.	13	Burmah Oil	0
E.M.I.	10	Plessey	7	Shell	28
Gen. Accident	17	R.H.M.	3	Ultramar	15
Gen. Electric	16	Rank Org. 'A'	18		
Glaxo	40	Reed Intl.	18	**Mines**	
Grand Met	7	Reyrolle	20	Charter Cons.	12
G.U.S. 'A'	10	Spillers	4	Charterhall Fin.	3½
Guardian	18	Tesco	4	Cons. Gold	12
G.K.N.	25	Thorn 'A'	22	Rio T. Zinc	16
Hawker Sidd.	60	Trust Houses	13		

FINANCIAL TIMES
Tuesday August 30 1977

Leyland men resist scheme for Land-Rover expansion

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS' £250m. plan to double output of the successful Land-Rover and Range-Rover models has already run into trouble.

The State-owned concern, which bsa stressed that the scheme must be formulated jointly by management and unions within the framework of worker participation, has met opposition from two of the three plants concerned with the ambitious project.

The Triumph factory at Canley and the Rover plant at Solihull have not only raised objections to the details of the plan but refused to have anything to do with worker parlicltion.

Efforts are being made to win the support of the trade unions as the Land-Rover and Range-Rover expansion plan is considered crucial to the future viability of Leyland.

While the company expects substantial profits from the £280m. Mini replacement project, the four-wheel-drive vehicles are seen as the real money spinner.

Leyland is conscious that the expansion plan must move ahead quickly and efficiently if the company is to retain and increase its 15 per cent. share of the world market for these vehicles.

The company bas made il clear to the workforce that support for the project will nol be forthcoming either from the main British Leyland Board or the National Enterprise Board unless the trade unions give a prior commitment.

Adamant

Under the project, Leyland will be able to make 154,000 vehicles a year—double the present capacity. But many men would have to transfer jobs. particularly at Canley.

Production of the Triumph Dolomite is schednled to he transferred to Solihull next August. This would free space for investment in facilities to manufacture a new Land-Rover gearbox.

The Triumph stewards insist such a move will cause a net loss of about 1,500 jobs and are adamant that they will not let the Dolomite go.

Shop stewards at Solihull, the Rover assembly plant, are offering support for this opposition. They are conscious that the small car would be put on a production line which is now used for the Rover 3500 and would mean the introduction of another night shift—something to which they are opposed because of the unsocial hours involved.

Leyland appears determined to take a strong line in insisting that the expansion programme should gain the full backing of the workforce within worker participation arrangements.

The company is proposing the formatinn of a 16-man working party divided equally between trade unions and management to formulate the details of the programme.

Four representatives would he drawn from the cars council, the top tier worker participation body, and four from each of the three plants affected. The only manual workers to give support so far are in the Rover engine and transmission section—which has heen in participation since its inception.

● Numbers laid off at Leyland Cars as a result of the nine-week strike by tool workers at Lucas, the components supplier, more than doubled yesterday to nearly 10,000. Production of four models — the Spitfire, Princess, MG, and Marina — bas been halted.

All Leyland models are extremely vulnerable to components shortages now. The Lucas dispute is expected to have a rapid effect on production by Britain's motor industry in the next week.

Continued from Page 1

Krona

Sweden bas been drawing to an undisclosed extent on the three loans it has taken this year, a $1bn. credit, a DM200m. loan and a $200m. bond issue. The foreign debt is predicted to increase by about Kr.15bn. this year.

As after the depreciation of the krona in April, the two other Scandinavian countries, which trade heavily with Sweden, have been forced to follow half way. The 5 per cent. devaluation of the Danish krone to a new central rate of Kr 265.345 to DM100 within the "Snake" could help solve Denmark's current political crisis and save the day for Mr. Anker Joergensen's minority Social-Democrat Government.

He has been trying to push a stabilisation package designed to reduce the payments deficit and increase Indirect taxes by a total of Kr.21bn. over the next three years through an extraordinary session of the Folketing.

Reaction in Norway was more angry.

Mr. Per Kleppe, the Finance Minister, said Sweden was embarking on a dangerous course.

Snake still 'haven of stability'

Adrian Dicks writes from Bonn: There was unconcealed disappointment to-day, yet little detectable surprise that Sweden's increasingly severe inflationary problems had pushed it out of the snake.

For some months, leading West German economic officials have been pointing to Sweden as s cautionary tale of competitivity threatened by excessive wage pressure and high taxes.

Herr Hans Apel, the West German Finance Minister, said last night in Frankfurt after the meeting of the snake countries' finance Ministers and central bankers that the snake would remain s "haven of stability" for its members.

Officials do not feel that the joint float's usefulness has ended, although Germany bas lost hope of developing it into the basis of a common economic and monetary policy.

Herr Apel and Dr. Otmar Emminger, the president of the Bundesbank, strongly played down the adverse effects of the Swedish move on West Germany's own export competitivity.

At the close of business on Frankfurt foreign exchange markets last night, the Deutschemark bad gained only 0.7 per cent. against the "market basket" of 16 major currencies, so thet its upward drift since the beginning of last year stood at 18.9 per cent. compared to 18.2 per cent. on Friday.

There was a noticeable gain, of 3—3.5 per cent. against the currencies of the remaining members of the snake, with which West Germany does about 23.5 per cent. of its foreign trade, according to the Bundesbank.

John Wyles writes from New York: The dollar rose sharply against the mark and the Swiss francs in early New York trading yesterday morning.

Although tradine was sporadic and light, the mark fell from 43.21/22 to 42.99-43.01, and the Swiss franc to 41.57/60 cents from 42.10/12.

Traders said that the rise partly reflected the unwinding of short dollar positions which were being magnified by the closure of the British foreign exchange market.

● The Belgian Franc was marked lower against most major currencies at the Brussels official fixing yesterday.

The mark climbed to 15.4075 Belgian francs fom 15.3645 and the French franc was up at 7.2755 from 7.2595 Belgian francs last Friday.

One interpretation of the weakness of the Belgian franc was that the currency conld he fscing trouble in the European snake after the departure of the Swedish krona and following the devaloation of the kroner of Denmark and Norway.

Second order for Mini project goes overseas

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE SECOND major order placed by British Leyland for equipment for the new Mini project has, like the first, gone to an overseas manufacturer to the consternation of the U.K. machine tool industry.

The order, worth £4.6m., is for an automatic line for the production of the radius arm for the Mini's rear suspension and has been awarded to Heller, the West German company.

It follows a few weeks after Leyland Cars chose KUKA, another West German concern, to supply special welding machines at a cost of £7m.

Mr. Bill Vaughan, president of the Machine Tool Trades Association, said of the Heller deal: "This is very worrying because there are U.K. companies with the capacity to produce this equipment.

"And British companles bave not received the ordere they had hoped for by now from Leyland Cars in connection with the Mini project."

Five companies tendered for the contract, two from West Germany—including Heller—and three from the U.K. "The Heller tender met the stringent requirements of the Leyland engineers," Leyland said.

Kearney and Trecker Marwin, the Vickers subsidiary, was certainly among the contenders. Other U.K.-based companies in this particular market include Staveley and Cross International.

A factor which must have been significant is that Heller has previously supplied the same type of equipment to Leyland for the "O" series engine.

Leyland kept the Department of Industry informed as is usual with major contracts which might be placed overseas.

The Department said: "All we can do is make sure that the company concerned is aware of the U.K. manufacturers which can supply the equipment and that it gives them a fair chance. The final commercial judgment is always up to the company placing the contract."

Leyland expected to place about 80 per cent. of its orders for machine tools and other equipment in the U.K.

The KUKA contract also stipulates that at least 25 per cent. of the welding line will be British-made. Electric motors, hydraulic cylinders, limit switches and some controls will probably he supplied from the U.K.

At a meeting between Leyland Cars and the Machine Tools Trade Association in June, the association was given the impression that orders worth about £20m. would be placed within a month or so and that Leyland Cars would need machine tools worth at least £40m. by the end of next year.

There is to he another meeting between the two groups in mid-October when it is hoped that some kind of liaison over Leyland Cars' future plans can be established. The short-term machine-tool buying programme will also he discussed again.

New York cash crisis row threatens Mayor Beame

BY JOHN WYLES NEW YORK, August 29.

MAYOR ABRAHAM Beame faces a fight for survival in New York City politics over the next ten days.

His main challengers for the Democratic Party's nomination are enthusiastically exploiting the Securities and Exchange Commision's damaging allegations that in late 1974 and early 1975 he helped mislead public investors about the state of the city's finances.

In a gritty counter-attack, the 71-year-old incumbent has claimed that by publishing its report 13 days before the Democratic Party chooses its candidate for Mayor in this November's election, the commission "injected itself in the political campaign at the eleventh hour with malicions abandon."

Potential

The commission's report was published on Friday after s 19-month investigation and its main conclusions bave implications which are potentially far-reaching.

The report concluded that the mayor, the city's comptroller, Harrison J. Goldin, six New York City banks, and Merrill Lynch Pierce Fenner and Smith, the country's largest hrokerage house, all knowingly misled investors in city securities in 1974-75 by failing to disclose the seriousness of New York's financial plight.

The commission accused the six hanks of encouraging the public to buy city securities in the spring of 1975, at the same time as "certain of the underwriters were in the process of reducing or eliminating their holdings of the notes."

The mayor claimed over the week-end that he was as sinned against as New York investors. He had been assured by the hanks that there was a market for New York securities when they were "rapidly unloading" their holdings.

Mayor Beame accused the commission of trying to protect the banks by delaying its report until late in the primary campaign, so that he and not they would be the main target of criticism.

Although the first impact of the report has been to inject some vitality into a flagging primary contest, it will continue to reverberate well after the September 8 election.

Congressional hearings on its findings are scheduled for the autumn, and new federal regulations on the issue of municipal securities could result.

In particular, the same standards of disclosure as now cover corporate issues may be extended to municipalities.

Mayor Beame's campaign for re-election has made up some ground in recent weeks, so that a poll conducted last week showed he was running neck and neck with former Congresswoman Bella Abzug.

Indifferent

His rather indifferent record in office will now come under closer scrutiny, thanks to the commission.

Mrs. Abzug has accused the mayor of "cover-up, collusion and conspiracy." She has produced a six-point "freedom of information programme" aimed at making city financial affairs more comprehensible and accessible to the public.

Mr. Mario Cuomo, the New York Secretary of State, who is close on the heels of the two front-runners, took s softer line and urged that attention he focused on solving New York's problems.

Lance defies Washington critics

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, August 29.

MR. BERT LANCE, the director of the U.S. Budget Office, is to sell his home in Atlanta, Georgia, for a reported price of $2m. According to his wife this means the Lances intend to be in Washington for some time.

But the criticism concerning Mr. Lance's Byzantine personal financial affairs seems to be increasing in volume, with the result that the consensus in Washington is that his days in President Carter's Government may he numbered.

The latest New York Times disclosures shout Mr. Lance's finances again fell short of outright imputation of illegality hut clearly added to the pressure on the budget director.

The newspaper's charges are that Mr. Lance's statement of his finances given to s Congressional Committee before his confirmation in office st the start of this year were significantly incomplete.

It was reported that proper account was not given of a private partnership between Mr. and Mrs. Lance (called Lancelot and Co.) which had substantial stock holdings and bank borrowings, nor of four other private partnerships in which Mr. Lance was involved.

The newspaper said another Lance partnership improperly deducted from its tax returns interest payments to banks in return for loans made to Mr. Lance's 1974 Georgia governorship campaign committee. It said the trustee of Mr. Lance's complex financial boldings admitted that he was not fully aware of their extent.

The White House and President Carter are sticking to the position that the hudget director has done nothing illegal or unethical and that he voluntarily agreed to far more disclosure of his financial position than prospective Government officials had done in the past.

But yesterday Senator William Proxmire, the powerful chairman of the Senate Banking Committee, urged that Mr. Lance step aside—not immediately hut soon —on the grounds that he lacked qualifications for the job.

Senator Proxmire, the sole Senate opponent to Mr. Lance's confirmation, said he thought the hudget director was "a man of integrity," and therefore should not resign immediately.

Congressman Morris Udall, a contender for the Democratic Presidential nomination last year, to-day suggested Mr. Lance should resign to save President Carter from further embarrassment.

Mr. George Meany, head of the AFL-CIO, the equivalent of the TUC, also added his voice to those seeking Mr. Lance's removal. He said that though everybody seemed to think Mr. Lance was competent, his own conclusion from the available record was that he was "clumsy."

Newspaper comments are also becoming increasingly critical. Last week Mr. Hobart Rowan, the Washington Post's respected economics correspondent, suggesed Mr. Lance had lost credibility as hudget director and as resident Administration conservative on financial matters.

SDLP to debate new 'Irish' solution

BY GILES MERRITT

THE DAMAGING split that has developed inside Northern Ireland's mainly Roman Catholic Social Democratic and Labour Party is to be discussed at two special Party meetings this week.

Both will take place at Dungannon, Co. Tyrone, on Wednesday evening.

The first will examine calls for the expulsion from the SDLP of Mr. Paddy Devlin, who last week resigned his senior post inside the Party to protest against an "Irish dimension" solution for Ulster, involving Dublin in any future settlement.

The second meeting will decide whether or not the SDLP executive ratifies the controversial new policy.

The significance of Mr. Devlin's decision to quit the SDLP hierarchy has been reinforced by Mr. Ivan Cooper's announcement over the week-end that he supports Mr. Devlin's stand. Both Mr. Devlin and Mr. Cooper were Ministers in the short-lived 1974 power-sharing Executive.

SDLP spokesmen have denied there is a serious split, pointing to Mr. Devlin's reputation as a "maverick." But, it appears a policy clash is inevitable with two of the party's five former Ministers in the Executive opposing the "Irish dimension" line.

Refusals

Widespread dissatisfaction inside the SDLP, particularly over the British Government's acceptance of Loyalist refusals to discuss power-sharing, is known to have provoked the move towards the more nationalistic emphasis of an Irish dimension.

The shift away from power-sharing, which has been the SDLP's objective since its foundation in 1970, has also stemmed from fears that Unionist MPs at Westminster are moving, under the influence of Mr. Enoch Powell, towards a policy of integration with the U.K.

Fears that Ulster's Roman Catholic moderates are desperately adopting a more hard-line stand are certain to be heightened if the SDLP executive votes on Wednesday for the "Irish dimension."

At the same time, the move towards nationalism has been further emphasised by the announcement this week-end that a new political party, committed to reunification, is being formed in Londonderry. As yet unnamed, the party is the reincarnation of the Province's Nationalist Party.

Ballot call on miners' bonus plan

By Christian Tyler, Labour Correspondent

AN ATTEMPT to rescue the plan for a high-paying miners' incentive scheme, unexpectedly voted down by the National Union of Mineworkers' conference in July, will be made this week.

A number of moderates on the NUM executive committee which had supported the plan will he demanding a national ballot on the proposals when the executive meets in two days' time.

They remain convinced that the plan—a pit-based scheme worth possibly £20 a week or more, but strongly disliked by the Left wing—would get overwhelming support from the 262,000 members, despite the conference vote, and vindicate the executive's own support for pit-based incentives.

If they are successful, the National Coal Board and Government would breathe more easily. The prospect of large productivity bonuses would dampen the pressure for big basic pay rises well outside the Chancellor's single percentage figure guideline.

The union's new pay target is for a virtual doubling of present rates, with a top coalface rate of £134 a week.

TUC exemption for self-financing productivity schemes after the end of Stage Two of the incomes policy was designed largely to accommodate the miners and it came as a surprise—even to the Left—when the NUM conference voted against such a scheme by 137 to 134.

This week's move for a national ballot will he led by Mr. Sid Vincent, president of the North-West area of the NUM. Among those supporting it will he Mr. Len Clarke, president of the 34,000-member Nottinghamshire area. Mr. Vincent said yesterday he would force a vote at the executive and believed it would be "very" close.

Mr. Joe Gormley, NUM president, who is already under pressure following reports that he had accepted a part-time directorship with a Canadian shipping company, may have to rule on the legality of the demand and whether the conference would have to be recalled to approve such a change of policy.

THE LEX COLUMN

Town halls dance to a new tune

It must have been an omen. In the same week that 'Float on' by 'The Floaters' topped the hit parade, Dudley and Oldham launched their own version of the 'local authority floater' and it looks like being a hit, too.

The initial response has been enthusiastic. Though Morgan Grenfell had agreed to subscribe for the lot, outside applications were such that they were comfortably over-subscribed and on their first day both issues were trading at around par.

Future local authority floaters are likely to be modelled along similar lines to the Oldham and Dudley issues. They are basically money market instruments whereas the Bristol floater had no special market in mind. A coupon tied to Treasury bills is not particularly appealing for deposit-taking institutions and it is still far from clear whether there is a large demand for floating rate paper among traditional corporation stock investors. The Morgan Grenfell model, by contrast, is clearly attractive to banks, etc., as it is linked to inter-bank rate and should guarantee them a safe turn on their money.

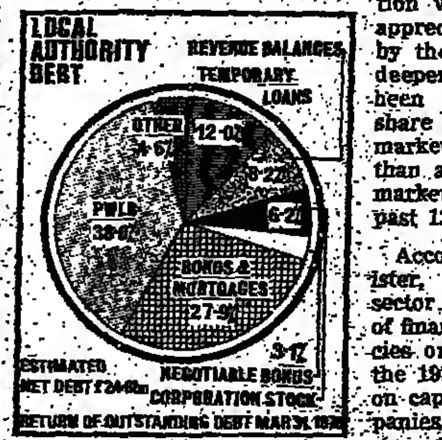
Over the past few years local authorities have come to rely heavily on the money markets —well over £10bn. of their £30bn.-odd debt probably matures in under a year. At the same time various institutions have found the local authority market a very convenient home for their funds. Building societies have £2.4bn. invested in local authorities while Trustee Savings Banks and insurance companies each have well over £1bn. tied up.

While part of this money is invested in the negotiable bond market (total size £1.2bn.) and the corporation stock market (total size £1.6bn.) a large part of it has, in the past, been invested short-term in the lenders' option market. Investors put up long-term money but had an option to call it back at short notice.

This satisfied the local authorities' need for long-term funds while at the same time guaranteeing investors' liquidity. However, the advent of the Treasury's voluntary borrowing code has virtually killed off this market since much of the debt has now been reclassified as short term, and funds which had been deposited there are now searching for a new home.

Estimates vary as to the size of the lenders' option market but it could have been between £2-3bn. at its peak and people are talking of a potential demand for local authority floating rate paper of £0.5bn. per annum. So local authority floaters could quickly become important money market instruments: after all the market in sterling certificates of deposit is only £3.5bn. in size.

Whether they will or not depends on a number of things.



First of all their marketability has to be tested. An important drawback of conventional corporation stock issues has been the thinness of the secondary market. If local authority floaters are to become important adjuncts to the inter-bank and CD market, deals of £1m.-plus have to be easily accommodated.

Marketability will be enhanced if the authorities allow a sizeable amount of paper to be issued. At the moment local authority floaters have to take their place in the same queue as conventional stock issues—rationed to roughly one a fortnight.

Apart from deciding how much paper they want in issue the authorities also have to decide how to regulate the flow. Should all issues be lumped together once a week as happens in the negotiable bond market, so that both large and small authorities pay the same rates, or will a hierarchy of rates, reflecting the differing size of the authorities, be allowed to emerge? Then there is the touchy subject of merchant banks muscling in on stock brokers' traditional territory.

If the local authority floater is to develop its full potential the Bank of England clearly needs to give a firm lead.

Swedish compar

Inflation running a
per cent., a five-fold
balance of payments
the first half of t
industrial production
down in June—with
of economic ba
Sweden's decision
week-end to hreak free
snake and devalue by
tenth has looked inev
some months past. Th
of April's 6 per cent.
tion was largely offse
appreciation of the s
by the Deutschemark,
deepening financial c
been evidenced by
share prices. The S
market has performe
than any other sizeabl
market in the world
past 12 months.

According to the Pri
ister, the Swedish C
sector is suffering from
of financial crises and b
cies on a scale not see
the 1930s. The averag
on capital in non-financ
panies has fallen by tw
since the boom of 1973
the financial deficit of
tor (expressed as a per
of GNP) has risen from
per cent. since the lat
Two months ago, Algot
son had the dubious dis
of being the first c
quoted on the Stockho
change to apply for ban
proceedings since the fai
the match king, Ivar K
in 1932. No fewer than 31
country's top two hundre
panies traded at a loss la

An overvalued curren
taken a heavy toll on t
exporters. SKF's
slumped by three-quart
the first four months o
year, and Volvo—faced
25 per cent. fall in car e
in the January to May pe
announced over the we
that its first-half profits
fallen by two-fifths, and th
proposed merger with
Scania had broken down.

After its recent precip
decline, the stock market
mediate reaction was favou
yesterday. But devaluatio
going to be accompanie
harsh economic measu
price and dividend freeze
in the air—and having se
sharper reduction in thei
of export markets since
than any of their internat
competitors, Swedish comp
face a long haul back to
former prosperity.

Weather

U.K. TO-DAY

MOSTLY cloudy with rain or showers. Rather cool.

London, E. and S.E. England, E. Anglia, E. Midlands

Sunny intervals, becoming cloudy with outbreaks of rain.

Cent. Southern, Cent. Northern and N.W. England, W. Midlands, Channel Is.

Rather cloudy, rain at times.

S.W. England, N. and S. Wales

Outbreaks of rain or showers, some sunny intervals. Wind south-west moderate or fresh. Max. 17-18C (63-64F).

N.E. England, Borders, Edinburgh, and Dundee, Aberdeen, Cent. Highlands

Outbreaks of rain, brighter later. Winds south-west moderate. Max. 18C (64F).

Lake District, Isle of Man, S.W. Scotland, Glasgow

Cloudy, rain or showers. Wind East, moderate becoming light variable. Max. 15-17C (59-63F).

Argyll, N. Ireland

Rather cloudy, rain at times. Wind easterly, moderate, becoming light variable. Max. 15-17C (59-63F).

Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland

Sunny intervals, scattered showers. Wind south-west, fresh. Max. 13-15C (55-59F).

Outlook: Sunny intervals and showers, some longer outbreaks of rain.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstdm.	S	18	64	London	S	20	68
Athens	S	35	95	Luxemb'g	C	17	63
Bahrain	S	40	104	Madrid	F	22	72
Barcelona	C	19	66	Manchestr.	C	17	63
Belfast	C	17	63	Melbourne	C	12	53
Belgrade	S	27	81	Montreal	S	28	82
Berlin	F	20	68	Moscow	C	17	63
Brmghm.	F	19	66	Munich	S	21	70
Bristol	F	18	64	Newcastle	C	17	63
Brussels	S	18	64	New York	S	29	85
B. Aires	S	12	54	Oslo	F	18	64
Cardiff	F	18	64	Paris	S	21	70
Cologne	F	21	70	Perth	F	17	62
Copnhagn.	S	18	64	Rome	C	27	81
Dublin	F	18	64	Singapore	C	29	84
Edinburgh	S	17	63	Stockholm	C	17	63
Geneva	C	18	64	Sydney	F	19	66
Glasgow	C	15	59	Tehran	S	32	90
H. Kong	S	30	87	Tokyo	S	28	82
Jo'burg	S	24	76	Toronto	S	28	82
Lisbon	S	25	77				

HOLIDAY RESORTS

Biarritz	C	19	66	Jersey	S	16	61
Blackpool	R	16	61	Las Plms.	S	23	73
Bordeaux	F	19	66	Malorca	S	23	73
Cape Town	S	15	59	Malaga	S	29	84
Florence	C	27	81	Malta	S	28	82
Gibraltar	S	22	72	Nairobi	C	21	70
Guernsey	F	16	61	Naples	F	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]				
Isle [illegible]	[illegible]	[illegible]	[illegible]				

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